

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

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CHINA TODAY - Weekly News Letter from Dr. Price

On August 15 three mimeographed letters--CHINA TODAY--were sent to those on the subscription and some other lists of the China Information Service. These letters were written by Dr. Frank W. Price, a professor in the Rural Church Department of the Nanking Theological Seminary, now located at Chengtu, West China. Dr. Price was one of the first editors of the China Information Service and is now China Correspondent. He was born in China and has spent most of his life there. He speaks and reads the Chinese Language easily and has friends among all classes of the Chinese people. He is the author of the official English translation of Dr. Sun Yat-sen's Three Principles of the People. He was a member of the China delegation to the World Church Conference at Oxford in 1937 and to the World Missionary Conference at Madras in 1938.

Those on the subscription list will receive CHINA TODAY regularly. Others may receive the letter by paying 50 cents a month, or by becoming paid subscribers to the China Information Service. \$4.00 a year or \$1.00 a quarter will bring you both the C.I.S. and NEW CHINA. Three letters will be sent free of charge to any address upon request. Mails permitting two letters will be mailed with each regular issue of the SERVICE.

Letters Four and Five are being mailed with Issue 28. The first three letters are available upon request.

ADVISORY EDITORS: BRANK FULTON, MINISTER, RAINFOOD HOUSE, ST. GEORGE'S CHURCH, NEW YORK CITY
FORMERLY YALE-IN-CHINA: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.,
FORMERLY GINLING COLLEGE: EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY
COMMUNITY CHURCH, SHANGHAI: PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING,
SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

GOOD-WILL WHEN THERE IS JUSTICE AND RIGHT

Reports come of Japanese fliers on a "good will mission", of the visit of a prominent Japanese woman - - - on a similar mission. David Lawrence in his column "Washington Today" on August 28th suggests that Japan return to the Nine-Power Pact and says that "there is opportunity now to recognize Japan's sphere of influence in China and vicinity, but this does not mean that China's territorial integrity or Japan's economic opportunities therein need be in the slightest degree impaired." He goes on to say that Japan needs an economic partnership in the world and that "British and American capital can furnish the sinews of such a partnership."

The Russo-German non-aggression pact may reduce the chances of retaliation against the United States in case of embargo. It certainly does not make a right out of the wrong that has been going on in Asia with the economic support of the United States. In this connection a correspondent writes:

"Japan has been the aggressor to the Nth degree in China and has not changed her attitude to any degree yet. She has not changed her attitude toward any of the Western powers except as she has been forced to in recent days. In other words, she has not cut herself loose but been cut loose from those powers with whom she was allied."

"China has been a constant friend of ours and for us to furnish money for Japan to exploit China would be a complete betrayal of one of our best friends, and, furthermore, would be a grave injustice to China."

"Mr. Lawrence also makes a plea for our renewing the Nine Power Pact with Japan. One of the first articles in the Nine Power Pact was to respect the sovereignty of China. When Japan agrees to live up to the Nine Power Pact and shows us definitely that she means to, then we might consider some of the things Mr. Lawrence is suggesting. But under no condition can I see that it would be wise for the United States or Great Britain to supply Japan with the money she needs to carry on her abominable aggression."

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CONGREGATION OF CHURCH THREATENED WITH DEATH UNLESS MISSIONARIES GO

From Peiping comes the following story, printed in the North China Daily News for August 4 and received in Washington on September 7:

The story of how the Japanese organized an anti-British Committee, and secured the evacuation of 16 British Baptist missionaries from Taiyuanfu was related by an American traveler on his arrival here.

One Sunday recently, he stated, three truckloads of anti-British pickets surrounded the church during the evening service.

At the conclusion of the service, they arrested and put in gaol the entire congregation of 150 Chinese.

After being detained for three days, the women and children were released, while the anti-British Committee informed the missionaries that unless they evacuated, an "unpleasant fate, possibly execution, will face the Chinese members of your congregation."

In order to save these men from possible torture and death, the missionaries agreed to withdraw, closing the missions and the hospital.

They are at present marooned at Shihchiachwang, where they are waiting for the floods to subside.-

Reprinted with permission from
CHINA TODAY, September 1939.

THREE STEPS TOWARDS EMBARGO

By HARRY B. PRICE

IMMEDIATELY prior to Secretary Hull's denunciation of the 1911 commercial treaty with Japan, matters had reached a very low ebb. Delay in connection with the Pittman and Schwollenbach resolutions for an embargo on war materials to Japan had apparently been interpreted as evidence of timidity. This had immediate repercussions in a weakening of Britain's position and attitude, a strengthening of the confidence and arrogance of Japan's military leaders, injury to Chinese morale, increased isolation of the United States in its Far Eastern relationships, and a set-back to all in this country who were working for an end to our support for Japan's militarism.

Secretary Hull's action marked a turning of the tide. Receiving universal and overwhelming support from the American people, it has already had very significant effects. Great Britain, more confident with regard to the attitude of the United States, has been able to take a firmer line in the Tokio negotiations. The Japanese have seen the warning which this action serves. Chinese morale has been substantially strengthened. All in this country who are working for a stoppage of war aid to Japan now have the assurance not only of popular support and the approval of a majority in Congress, but also of a favorable attitude on the part of the Administration. The *New York Times* of July 27, in its leading dispatch said of this action: "It means that the executive branch of the government is behind the Pittman embargo resolution even if that should not be taken up for adoption until the next session."

The decks are clear for action in January. Whatever legal obstacles may have existed to an embargo on war supplies have now been fully removed.

Important as is the abrogation of the 1911 treaty, it would be a serious mistake not to recognize that this is only a preliminary first step. It furnishes a green light for embargo action but that action remains to be taken. Whether or not it is taken will depend largely upon the continued growth of sentiment throughout the United States against the further aiding and abetting of Japan's aggression. As matters now stand, Japan continues to buy at will the extensive war supplies which she must have from the United States and elsewhere if the invasion of China is to be maintained.

Serious and important work now lies ahead for those who would end American support for Japanese militarism. What can they do most effectively with greatest hope of effect? Three lines of activity are suggested:

(1) Continue to urge the Administration to back up this initial action by further and more positive measures. There are several measures which the Administration can take, and these are undoubtedly receiving very serious study and consideration at the present time. Restrictions upon imports and even upon exports under provisions of the tariff law and the United States Code would seriously cripple Japan's purchasing power in the United States and elsewhere. Restrictions upon gold purchases would prove an embarrassment. A further credit to China which might serve as reserve for her threatened currency would greatly strengthen her position at the present



Three thousand Chinese gathered in Washington Sq., N. Y. City on August 20th to commemorate the defense of Shanghai and to pledge themselves to continue their assistance in defense of their fatherland.

time. If the situation itself together with continued popular pressure lead to any concrete action along such lines by Secretaries Hull, Morgenthau, or Hopkins, this should be followed by immediate and widespread public support.

(2) During the four months—September to December—every Senator and Congressman should be convinced that the American people wish to have an embargo levied against the sale of war supplies to Japan. This means widespread and unremitting effort. Thoughtful interviews with members of Congress conducted by individuals or groups, widespread correspondence from their own constituencies, letters to newspapers, continued meetings and discussions with appropriate publicity, all need to be carried forward with renewed vigor.

(3) Along with these concrete types of activity there needs to be a broadening and deepening of the whole educational program on this issue. This means the strengthening of all local organizations, the wider distribution of literature, telephone calls to newspaper editors asking for more attention to significant Far Eastern issues, interviews with leading citizens and statements from them for the press, and more use of radio facilities.

A year of intensive effort in which thousands of people have cooperated loyally has perhaps been the main factor in abrogation of the 1911 treaty. A lessening of effort now would be disastrous. Intelligent, vigorous and sustained activity during the next six months may well bring about an ending of America's participation in Japanese aggression, a final curbing of Japanese militarism and its support to aggression elsewhere, a restoration of peace, and a beginning upon the gigantic task of reconstruction in Asia. Now is the time to plan for increasingly effective action during the fall.

MORE OIL FOR JAPAN'S BOMBERS

The Bureau of Foreign and Domestic Commerce has prepared a tabular comparison of shipments to Japan during the first five months of 1939 with the same period in 1938. The table shows a decline of almost 50 per cent in crude exports to the Japanese empire, but increases of Japanese takings of U. S. gasoline, kerosine, and other refined products.

Japanese takings of other U. S. refined products were as follows in the first five months of 1939, compared with 1938.

	Entire Year of 1938	First Five Months of 1939
Kerosine	20,000	29,000
Gas & Fuel Oil	2,064,000	2,463,000
Residual Fuel Oil	783,000	1,941,000
Lubricating Oil	117,000	159,000

NATIONAL PETROLEUM NEWS, Aug. 2

FRONTIERS OF THE CHINESE REPUBLIC



From the standpoint of international law the Chinese Republic comprises, in addition to those areas over which the National Government in Chungking has full sovereignty, other areas that are under the military occupation of another power or are nominally independent, but which have never been formally renounced by the Chinese Republic. In international law, therefore, the territory of the Chinese Republic consists to-day of the following areas: (surrounded on the map by a thick black line)

	Area in 1,000 sq. miles	Population (millions)
1. <u>Under direct control</u> of the National Government	2,620	360
2. <u>Tibet</u> - semi-independent, Special Area under Chinese sovereignty	350	0.8
3. <u>Mongolia</u> - effectively an independent State since 1921, formally recognizes Chinese sovereignty (shaded area on the map)	620	1.6
4. <u>Tuva</u> - see 3	60	0.1
5. <u>Manchukuo</u> - the four northwestern provinces of China, occupied by Japan in 1931-33 and transformed into a kingdom, not recognized by China and most other States in the world (black area on the map)	500	37
6. The territories occupied by the Japanese Army in north, central and south China, legally still part of China (black area on the map)	220	70
CHINESE REPUBLIC	4,370	469.5

Reprinted with permission from THE CHRISTIAN CENTURY, August 16, 1939

Message from Kagawa

(VIA RCA)

CHRISTIAN CENTURY

CHICAGO, ILL.

REGRET PRESENT AMERICAN JAPANESE CRISIS PLEASE EXERT YOUR CHRISTIAN INFLUENCE FOR RESTORATION OF OUR COMMERCIAL TREATY FOR THE PEACE OF THE PACIFIC AND TO AVERT WORLD CATASTROPHE.

TOYOHICO KAGAWA

SUCH A MESSAGE as this makes a strong appeal both to the heart and to the head. Every well informed Christian in America thinks of Kagawa as a brother in Christ, an alien only by legal definition but a fellow citizen in the kingdom that is above and beyond all nationalisms. The memory of his radiant face and burning words and the impress of his nobly sacrificial spirit, known so well to many thousands of us through personal contacts and through the records of his work, have made it easier for our sympathies and our sense of fellowship to span an ocean and to transcend differences of race. There are doubtless unnumbered Japanese Christians whose mind is as his mind, but his has been the peculiar gift and function of serving as the link between them and us. In so far as his influence has reached, he has immunized Americans against the poison of any propaganda which would infect them with an indiscriminate hatred of the Japanese people. He has, in short, done all that one man could do, and more than any other has done, to enable us to consider dispassionately the import of such a message as that which he has just sent.

In the first place, and as an aid to calm deliberation, it ought to be said that the present relations between the United States and Japan are far short of the degree of tension necessary to constitute a crisis. It is true that we, on our side, have grievances that are unadjusted. Our nationals engaged in works of mercy have been subjected to danger and injury; the property of our citizens has been destroyed and their lawful commercial activities have been hindered. On the other hand, the Japanese are aggrieved because the presence of our citizens and their interests in China and the necessity of giving any consideration whatever to the peacetime rights of neutrals in what has become, without declaration, a field of war have hindered their military operations. These are grave issues. But, on our part at least, there has been no threat or thought of seeking to resolve them by other than pacific means.

Moreover, the 1911 treaty of amity and commerce is still in full force and effect; there will be yet nearly six months before it will expire in accordance with the notice recently served by the secretary of state. In providing, in the text of the treaty itself, that it might be terminated on six months' notice by either party, surely the framers of the treaty did not contemplate that its abrogation would necessarily precipitate a crisis. It has not done that and it

will not do it. Any crisis that may conceivably arise is still to be created, and Americans are profoundly concerned that their government shall not create one. The period of six months between the notice and the expiration of the treaty gives opportunity either for the parties to adjust themselves to living peacefully without it, as they did before 1911, or to negotiate a new treaty conformable to the interests and wishes of the parties under the conditions now existing.

That the conditions have changed cannot be doubted. Japan is the first to insist that this is true. It was counted as a triumph of Japanese diplomacy when, two days before Mr. Hull gave notice of intention to terminate the treaty, Mr. Chamberlain announced in the House of Commons that the British government recognized the "special circumstances" arising from the new Japanese program in China. If these circumstances are so obvious as to elicit British recognition and adjustment to them, and Japanese satisfaction at the recognition, they cannot be entirely hidden from us. To take cognizance of them is not an unfriendly act. Whether, in view of the changed situation, we wish to continue the policies which now serve to promote the new Japanese ambitions or take steps toward withdrawing the assistance that we are now giving, is a matter for further consideration.

This much is clear: the Japan of 1939 is not the Japan with which we made the treaty in 1911; the effects of the provisions of that treaty on the fortunes of another friendly nation, China, are effects that were not anticipated in 1911; the effects upon our own commercial and cultural activities in China are not those that were anticipated; and the menace to world peace from a Japan expanding indefinitely in Asia, and joined in a *de facto* alliance with nazi and fascist powers which did not then exist, introduces a new element which cannot be ignored. These changes, both in the world situation and in the use to which Japan is putting the advantages which she derives from her treaty with the United States, call for a reconsideration of the terms of that treaty. To continue the commercial treaty in its present form would not, in our judgment, tend either to preserve peace in the Pacific or to avert world catastrophe.

The treaty of 1911 is a "most favored nation" treaty. It guarantees to Japan the right to buy from the United States and sell to the United States under conditions as free and on terms as favorable as are granted to any nation. That is to say, under the treaty it would not be possible to place an embargo upon the shipment of anything to Japan which can be shipped to any other foreign purchaser, nor would it be possible to impose any discriminatory tariff or other special hindrance to the shipment of Japanese goods into the United States. It is neither an axiom of international law nor a requirement of Christian morality that every nation should enjoy equal trade privileges regardless of the use it makes of them.

What use is Japan now making of the privileges which it now enjoys as a "most favored nation"? It is using its imports of fuel oil, airplane parts, tools, motors, scrap iron

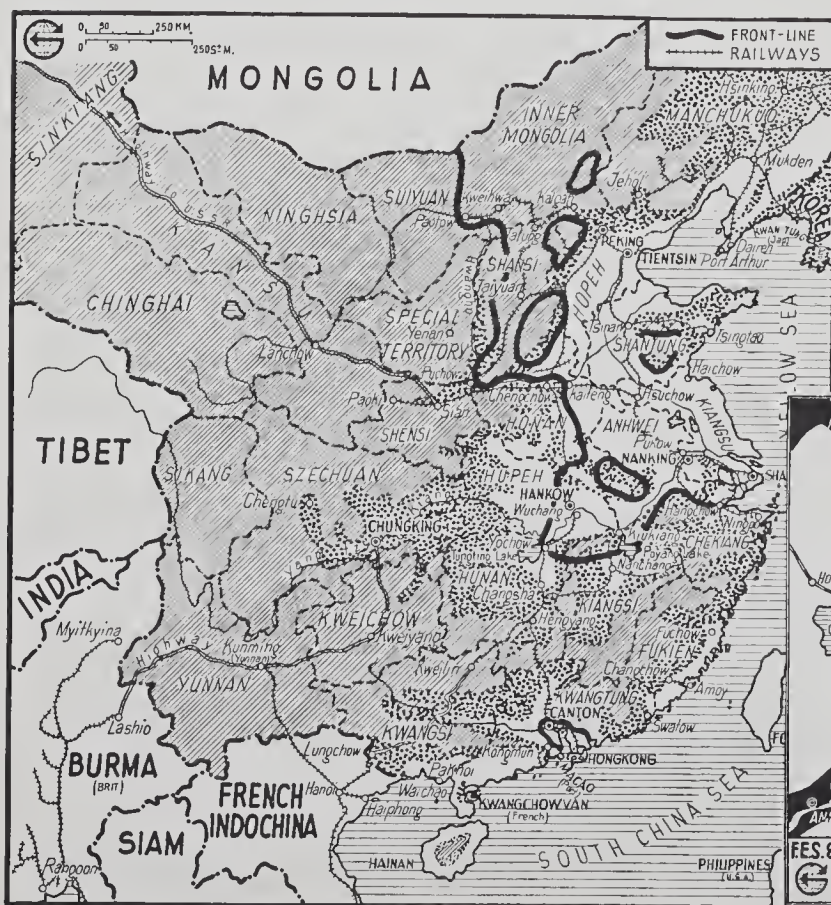
and many other commodities to equip the armies which are spreading devastation in China and overriding every interest but its own, and it is using the credits derived from its export of silk, toys, gadgets—and even cheap American flags!—to pay for those imports and to finance that war. Let it be granted, for the purposes of this argument, that the Japanese government sincerely believes that its operations in China are actuated by the purest motives and will ultimately be a blessing to such of the Chinese people as survive. It is not necessary for us to deny their good faith. But in a matter in which we are so directly involved and in which the determination of our own policies is in question, we are entitled to our own opinion. Our opinion—and it is an opinion in which the American people are practically unanimous, and the Christian people the most unanimous of all—is that the Japanese policy of aggression is thoroughly reprehensible. We are not going to war to stop it, but we see no reason why we should support it.

It is reported that Japan thinks the administration is "playing politics" in giving notice of the abrogation of the treaty. This is a serious error, unless it is "playing politics" for the administration to take a step in which the leaders of both parties concur and which a great majority of the people approve.

Speaking for ourselves, we do not consider it a desperate calamity that white supremacy in the Far East is shaken or destroyed. We can observe without undue agitation the loss of "face" by the white man who has been too long the arrogant superior. White imperialism, imposed by force in an earlier time, though with relatively

little bloodshed because resistance was weak, has come to its day of judgment. But we are not atoning for the acknowledged sins of the white race by cooperating in the substitution of a vastly more ruthless Japanese imperialism. We can pass over the cases, said to number over eight hundred, of Americans who have been mistreated. Such episodes are scarcely negligible between "most friendly" nations, but they are incidental to a state of war. What bothers us is the war itself and our own complicity in it. We cannot stop the war, but we can stop supporting it. Abrogating the treaty points that way.

We want to be friendly with Japan and, come what may, we shall not hate. But we cannot be hand in glove with a government which acts as the Japanese government is now acting. There is only limited truth in the saying that it takes two to make a quarrel. One can make a quarrel, but it takes two to make a friendship. We cannot use our influence, such as it is, for the continuance of a commercial treaty under which Japanese-American commerce has for its end result the dropping of bombs made of American metal, from planes powered by American motors and fueled with American oil, upon the congested areas of Chinese cities. We shall gladly join with Mr. Kagawa—himself a lover of peace whose sincerity none can question—in working for such changes in national policy, whether in his country or in ours, that mutual confidence between our nations may be restored, and that a treaty of amity and commerce may truly serve the cause of peace in the Pacific and in Asia and may help to avert world catastrophe.



MAPS

These maps are recent but do not show activities in Fukien --since no more recent ones are available yet, these are sent to you at this time.



SUMMARY OF CHINA NEWS

CHINA AND EUROPE'S WAR. The war in Europe has temporarily pushed the China news into the back pages of the papers.

Actually, the war in Europe has heightened the importance of China's fight against aggression. Germany has done her best to isolate the Far Eastern struggle from the European one, but China's continued resistance to aggression has become part and parcel of the war that is being waged in Europe.

The war in Europe has also pushed the United States into a key position in regard to the Far East. Much of the outcome of the undeclared war in Asia will depend upon the willingness of the United States to insist upon adherence to the Nine Power Treaty, to keep the powers that are harrassed in Europe from conceding to aggression in Asia, and to cease her own aid to Japan.

SOVIET-GERMAN PACT. Most important of the steps taken recently in Europe in their relation to Asia was the Soviet-German Non-Aggression Pact, announced on August 23, and signed on August 24.

First Chinese reactions to this step were favorable. It was argued that Japan could no longer bank on the help of Germany in case her fighting against Russia took on proportions. She would be diplomatically isolated. Furthermore, it was argued, that Russia, by securing her European borders, would be free to concentrate upon her borders in the Far East. She would also be free to give China greater aid.

These reactions both from Chungking and from prominent Chinese in this country pointed to the fact that China might very well find herself in a stronger position to resist Japan's aggression than she has been in before.

Japan felt she had been "sold out" in her anti-Comintern pact with Germany. Resignation of her entire cabinet, and the appointment of a new cabinet with General Nobuyuki Abe as Premier, ushered in a new foreign policy. Abe was reported to be neither strongly pro-axis nor strongly in favor of alliances with the democracies. Japanese newspaper Asahi described the new policy as one which may try to maintain friendship with Germany "despite recent bad faith," which will not consider cooperation with Russia "since communism must be uprooted in China," which will encourage British friendliness, and which will attempt to urge a reconsideration upon the United States of her treaty abrogation.

This will mean a right-about-face for Japan, coming as it does after a month of intensified anti-American and anti-British demonstrations.

THE LAST MONTH. During August, while Japan still hoped to sign an alliance with the axis powers, she threatened the United States with reprisals because of the abrogation of the 1911 treaty at the end of July. Demonstrations against Americans and damage to American properties increased for a time.

Meanwhile Great Britain continued her parleys with Japan over the Tientsin blockade, weakened, then stiffened her attitude. She finally agreed to turn over the four alleged Chinese terrorists to Japanese authorities. Protests were made by individual Britons, and an American lawyer took up the defense of the four Chinese. Britain, however, absolutely refused to come to terms with Japan over the currency

issue without consultation with the other signers of the Nine Power Treaty. The parleys therefore were suspended on August 19. By August 21, a serious flood at Tientsin had forced a lifting of the Japanese blockade there.

Military gains were reported throughout the month in Shansi by the Chinese troops.

U. S. ROLE. Japan's new foreign policy has not as yet become clear. There is a danger of closer alliance being urged between Japan and Great Britain, which would strengthen Japan's hand in China. Some agitation has already begun for a "friendly alliance" between the United States and Japan.

The United States showed her position on Japan's aggressive war in China when she abrogated her treaty with Japan. Public opinion in this country, as shown by newspaper editorial comment, was overwhelmingly in favor of the treaty abrogation, and strongly inclined toward what it considered the next step -- embargo of arms and war materials to Japan.

That the United States could now retract her stand upon China's treaty rights is unthinkable. The strength of her insistence upon those treaty rights may in large measures determine Britain's future relationships with Japan.

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BROTHELS ARE POLITICAL TOOLS IN "THE NEW ORDER IN EAST ASIA"
THE IMPERIAL ARMY FLAUNTS ITS VICES ON THE MAIN BOULEVARD OF THE CONQUERED CAPITAL

Early in July the account of posters used in Nanking was received by air mail. The Chinese characters cannot be reproduced here, but authentic translation is given. The information came from most reliable sources. Translation of the officially approved poster follows:

"Designated by the Base Camp Authorities
HOUSE OF RESTFUL CONSOLATION

"CHINESE
BEAUTIES"

No. 4 Hall for Friendly Relations between Japan and China
600 meters along the bank of the stream from here"

The poster represents one of a standard type of signs adorning Nanking streets. This particular sign has been displayed in two large copies of the North Chung Shan Road, not far from "the Circle." Inquiry revealed that it was put up directly against a large girls' school, and that it is also near a military police headquarters. The people of Nanking recall that under the Chiang Kai-shek Government there was no harmful display of sexual looseness, and the public authorities exerted much pressure against all forms of vice. Now they are learning the significance of the statement of the Premier of Japan, that his country "must by supreme effort raise China to the Japanese cultural level."

Even the language of the poster is a vulgar mixture of Chinese and Japanese, disgusting to every literate Chinese, and presumably to civilian Japanese of some education. What decent families of Nanking think of the kind of "friendly relations" promoted by the Japanese Army, had better not be printed.

Residents of the occupied areas know that the Japanese Army cannot exist without vice, and plenty of it. But they do wish that some consideration would be shown for the minds of young people, and for the appearance of the streets in a society formerly accustomed to decency.

COURTNEY'S "IF"

By

Dr. Lewis S. C. Smythe, University of Nanking, Chengtu.

W. B. Courtney's article in Collier's, "Brown and Yellow Bombers", abstracted in the Reader's Digest for June comes down to "If in an air raid you get into a perfectly safe place, you will be perfectly safe." Two minor themes that just about steal the show are, first, the Japanese are very accurate bombers, and second, the Chinese Government has not been able to get all the civilian population into perfectly safe places during Japanese air raids.

The fundamental theme all will accept. The practical problem is how to get the population of a large city from their places of daily work, where they must be if the war is to go on - to places of perfect safety in about forty-five minutes time. The only "safe" places are either to be out of the area of bombing or else to be in a bombproof dugout. With the Japanese bombing everything east of the Tibetan highlands (where a large population would soon starve) the alternatives of perfect safety come down to: either move the entire Chinese population of 650,000,000 (according to Professor J. L. Buck's most recent estimate) to Japan or else put them all in bombproof dugouts. The first would slightly increase Japan's population problem; and the second would bankrupt the Chinese Government. In Nanking only a few military offices and the Soviet Embassy had bombproof dugouts - the American Embassy could not afford one. They cost about 60,000 dollars in Chinese currency to construct at that time and would hold less than fifty people. In other words, \$1,000 per person. Chungking is the best situated in this respect because holes dug in the sides of the rocky hills are bombproof except at the entrances. But Chengtu, for instance, like many Chinese cities, is on a flat plain and during the rainy season the water table is very close to the surface.

In Nanking we consulted the American military attache and he advised that the best thing was a shallow trench just deep enough to stoop in and have your head below ground. If psychologically you feel better with something over your head, put only a light cover which would stop stray bricks or bullets. In such a trench you would be safe from anything but a direct hit. The chief danger is from flying fragments of bombs which kill at two or three hundred yards. What about a direct hit? Well, you just take your chances. Happening to live on a lot about five feet above the surrounding area, I have such a trench with light earth cover. A tomato can probably would go through the top, but I do not expect the Jap bombers to drop tomato cans!

The other alternative is to scatter and that is what most of the Chengtu population does. The city walls have been torn down at the gates in order to allow the population to get out more rapidly. And in all Chinese cities the authorities have carried out a very good alarm system. Only very seldom has it failed to warn the population. On the contrary the Japanese after they took Nanking, did not give the civilian population any warning for a Chinese air raid. They only stopped cars at night passing a military office and made them put out their lights. And they used the public dugouts, so carefully constructed by the former Chinese city government, to hide the bodies of civilians and wounded soldiers they butchered in the streets.

In the scatter method, it is advisable to have as many people as possible move out of the city. The difficulty is to get the civilian population to move out of the city before the first serious air raid. They move quickly enough afterwards, but then it is too late.

Given the conditions under which they had to work, I think the Chinese authorities have done very well in using the means at their disposal to protect the civilian population. If the Russians ever bomb Tokyo or Osaka (and I honestly hope that

will never happen), we will see if the "efficient" Japanese are able to do any better.

The accuracy imputed to the Japanese bombers by Mr. Courtney is really a howler! It is supported by one illustration of bombing a railway station in Hankow. But how does Mr. Courtney know that the Japanese were really aiming at the railway station? In Nanking, on September 25, 1937, the Japanese dropped two heavy penetration bombs in the tennis courts right beside the Central Hospital. We all said, "How fortunate they missed their mark!" But the following January after the Japanese had taken the city, their Naval Attache invited me to discuss their air raid with him. I asked him, "Why did you bomb Central Hospital on September 25th?" He replied, "We didn't." Then I told him how the western newsreel men were on the roof of the hospital when this Japanese plane dived to unload its bombs and how Madame Chiang Kai-shek came along about ten minutes later to see what damage had been done and signed a release for the films to go right out of the country. And how these movies, news reels were shown in New York within two weeks. He hissed, "sa-a, Sa-a'." but still denied they had the hospital as an objective. So I asked him what he was trying to bomb on the 25th. He looked up in his notebook and said "The Central Military Academy." But I pointed out that was nearly a half mile from the hospital. He said he did not think so. He brought out a map. I told him, "Your map is three years out of date. The roads in that section of the city have been rebuilt since that map was made." So, though their bombs came very close to what appeared to be their objective, they really were not trying to bomb the hospital at all!

In the much heralded raid on Nanking on September 22, 1937, Hasagawa's bombers did their worst and the main "kill" was scores of poor people in straw huts along the railway. The Associated Press correspondent told me that night, "The Japanese did not hit a single military man today." When I asked them above Naval Attache! why they bombed Central University four times, he said, "We were trying to hit Pehchiko." (That is a hill near the city wall which was supposed to have a military wireless station.) "Why did you lay a string of bombs right over the Soviet Embassy?" Again, "Pehchiko". But after 120 or more raids, Pehchiko was unscathed! Not having a western friend's spot map of all the airraids on Nanking, I can only cite instances of "mistakes". But the best recent summary was by a western Embassy official in Chungking in June. I met him a few days after the raid on Chengtu of June 11. He said, "I hear you had another little 'mistake' over in Chengtu. The Japs have bombed only three Embassies and five mission universities in the last month." In Chengtu the "military objectives" they laternamed to the American Consul - General in Shanghai were not even in the path of their twenty-six widespread bombers, to say nothing of being hit!

No, don't kid yourself. If New York is ever bombed, the best thing to do is just not to be in New York. If, however, the Japanese bombers come over, get in a genuine military objective and you will be safe 99 times out of 100.

I do not have the figures for expenditures for the air forces of China and Japan. But it is hard to believe that China has spent enough to purchase "an air force three times as large as Japan's" as Mr. Courtney claims. China's total national budget before the war was only C\$1,000,000,000 or a little over US\$300,000,000 - a mere drop in the bucket of our relief bill! I could cite evidence from Shanghai business men regarding the corruptibility of the Japanese Army (to say nothing of Vespa: Secret Agent of Japan), but prefer simply to ask Mr. Courtney to publish the authentic figures on which the above serious accusation is based. He might also offer some proof that no such "squeeze" has operated in the Japanese Army.

I will agree with Mr. Courtney's subsidiary thesis that modern air forces are effective military units when properly used. But in discussing the merits of military attack and defense, we are likely to forget the fundamental issue: if a gangster in Cleveland (give Chicago a rest) shoots up a family, it would be foolish for the chief of police to announce the next morning, "None of the family would have been killed if they had had on bullet proof vests." In this year 1939 it may sound feeble, but I object to Japanese bombers dropping bombs in my front yard and frightening my five-year old girl or killing the children of my Chinese neighbor. Another western Embassy official came closer to the fundamental point when he said, "The Japanese have no right in China. They are thieves, invaders."

IMPRESSED LABOR ON THE FIRING LINE

Shanghai Correspondent

A new terror has descended upon the people of Changchow, Wusih and Soochow, cities along the Shanghai-Nanking Railroad. The Japanese and their puppet police have been grabbing men on the streets, in shops and even in their homes and forcing them to labor. In some cases these men have even been dressed in military uniforms and put at the head of Japanese troops advancing towards Chinese defensoworks.

Conservative estimates in Soochow put the figure at 1000-3000 men siezed during the first ten days of July. Two hundred were known to have been taken in one lot. Even in mid-June the civilian populace was so terrified that workmen kept off the streets on the tensest days, and only a few richshamen were to be found at the railroad station in contrast to the throngs which usually greet the traveler.

The following account of what befell two men is given as they reported to a neighbor following their return to their homes. One was an unskilled workman, the other a richshaman:

"We were picked up on the streets by Japanese soldiers one morning during the last week of June. They paid us each \$2.00 for the work we were to do, but forced us to go as if under arrest to one of the buildings of the puppet government. In the evening many women came to the building seeking husbands, fathers and brothers, but their pleas were rejected. At 3:00 a.m. the following morning we were loaded on buses and taken to Wusih and on to Ihing.

"The Japanese had told us that we would work repairing dykes and carrying burdens, and many of the laborers did perform such work. For example, a large number were used to rebuild a section of the city wall of Ihing which the guerillas had torn down.

"We, however, were in the lot that was sent to the fighting line. We were put into uniforms, given wooden guns and bamboo poles and forced to go out with the Japanese. As the party neared the guerilla territory we Chinese were placed at the front and told to crawl and creep forward as scouts to determine the guerilla positions. Many were thus sent ahead, but instead of reporting to the Japanese they made their way into the guerilla lines and surrendered to them as fellow countrymen.

"The next effort of the Japanese, however, was much more terrifying. They made us stand up and advance to draw the fire of the guerillas - they came behind with their machine guns trained upon us, ready to shoot if we disobeyed. Many of our number were shot, but the rest had to go on. We two were finally able to make our way into the Chinese position where we surrendered to them, but only after one of us had been shot in the arm.

"At first the guorillas insisted that we join them and fight the Japanese, but finally, after we explained that we must get back to our homes and our work, they agreed to let us go, gave us countrymen's clothes, and sent two of their number, also in plain clothes, to accompany us back to the city."

Reports that have swept through these cities of large numbers of Chinese civilians having been driven into battle in this way have probably become exaggerated as they have been passed on, but it is known that large numbers were forced into labor service and that some were forced into battle. It is further known that there were casualties among this group - two boatloads of dead were brought back to Soochow about July 8.

But the outstanding result of all such activity has been to throw these three cities and much of the surrounding countryside into fear and unrest. How can one be sure of his life or the safety of his family if he might be picked up any minute on the street, or on a bridge, in front of a theatre or in a tearoom? People have stayed in their homes, productive work has been slowed up and numerous residents have evacuated these cities for the second time.

The population is jumpy. A man rushed into a mission compound in one of these cities bleeding profusely from a bullet wound in the arm. He had seen Japanese soldiers approaching him on the street and, fearing conscription, he had turned to run. They had fired upon him, and then traced him to his hiding place by the trail of blood he left. He was kept in prison overnight and released the next day after he had been able to establish his identity and explain his running.

There has been some relief from tension during the past week or so because the puppet police, rather than the Japanese soldiers, have been doing the conscripting and the people feel they will use more "discretion" in the ones they pick up, which means it will be the poor and the unskilled who will suffer. For example, one wealthy young man said, "Two of them tried to take me, but I paid them \$2.00 and they let me go." The possibilities of profit for the police in such a system are almost limitless.

This after two years! That men shall hesitate to walk the streets of their cities for fear they will be taken to work or to fight for the invader! We have here another of those policies of disregard for human life which is slowing up the normal processes of life and economic production and throwing these people into a state of terror and driving hatred that spells anything but success for the New Order in East Asia. "Yes," said one observer, "They may get men into their armies and labor corps that way, but for every one they do get they will drive five into desperate opposition."

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CONFISCATION OF AMERICAN PROPERTY

The other day a man (Russian, I believe) came and reported that the Japanese were tearing down our school and church property in ----, and wanted --- and me to go with him to see whether we would sell him the bricks, and thereby salvage something from the wreckage. We went with him and found his statement to be true. The second story of the school building had been taken down and the bricks, which had not been carried away, were stored in piles.Our informant, who seemed to be very well versed as to what is going on in the ---- area, told us that the Japanese were offering the Chinese \$200. Chinese dollars per mow (about 1/6 acre) for their land with the threat that it would be confiscated if they refused the offer. He stated that the Japanese expected to destroy the area and rebuild a modern city.

Though the tearing down of our church and school property is a small instance there is a case where the Japanese military are either directly or indirectly tearing down American property in an area that they, under the circumstances, control.

NAVAL BASE?

In Ningpo the jail, which is right next to -----Hospital, received a direct hit. A nurse in the hospital writes - "When Domei reports that they have destroyed the Ningpo naval base they merely mean the base for fish as it was the fish market on a crowded day."

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

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SUMMARY OF CHINA NEWS

SOVIET-JAPANESE TRUCE. Another bombshell, of the international politics variety, was thrown into the Far Eastern situation when Japan and Soviet Russia signed a truce on September 15. Premier Molotov, and Ambassador Togo, meeting in Moscow, agreed to cease firing on the Manchurian-Mongolian border.

The issues involved have been covered in a fine growth of predictions, rumors, and wild guesses. Actual facts, beyond the first fact of the truce, which agreed upon the "cease firing" order and the setting up of a commission of two Japanese and two Soviet Mongolians to settle the border dispute, are not known.

No official statements as yet have come from the Chinese government, beyond renewed assurances that China's resistance against Japan would be intensified. On the day after the announcement of the truce, Generalissimo Chiang Kai-shek, in a speech before the People's National Council, stated that China's military strength had more than doubled since the beginning of the war of resistance against Japan's aggression. He declared that "in resisting Japan, China is not only preserving her own national independence, but is also helping to maintain international justice... We stand united," he concluded, "to repel the enemy and to carry out the program of reconstruction."

This same confidence in China's strength was voiced in the latest dispatches from Chungking, which quoted that city's largest daily newspaper, as well as the secretary general of China's Nationalist Party. Also there seems to be a feeling in Chungking, according to F. Tillman Durdin's report in the New York Times for September 20, that despite the truce between Russia and Japan, Russian aid to China will not be cut off.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA., FORMERLY GINLING COLLEGE; EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC-Y, Y.M.C.A., CHUNGKING, SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

Japan's path leading to the Japanese-Soviet truce was anything but straight and sober. On September 6, Tokyo made much of an article written in Shanghai by Wang Ching-wei, former Chinese official who is now waiting upon Japan's purse and promises, suggesting an alliance of Japan, Italy, Great Britain and France, against Germany and Russia. This, of course, would start off with a prompt "peace" with China. On September 8, Japan offered to protect the interests of Great Britain, Germany, France, and Poland in China. On September 10, Prime Minister Abe insisted that he was still opposed to Soviet Russia, and that the "anti-Comintern pact should be maintained." On September 13, General Umezu stated piously that Japan had always a peaceful solution of the border dispute with Russia. And on September 15 the truce was signed.

An official statement issued in Washington on September 21, by the Japanese Ambassador, Kensuke Horinouchi, denied that the Soviet-Japanese agreement held in it any promise of further alliance between the two countries. "There is no reason to regard it as preliminary to a non-aggression pact or to any move toward a close association of Soviet Russia and Japan," the statement said. After several weeks of contradictory official statements from the Japanese it is difficult to know how seriously this statement should be taken.

MILITARY MOVES. The reported end of hostilities on the Mongolian border was expected to relieve many Japanese troops from duty in the north, and to bring on a new Japanese drive in Central China. Reports as to what is actually happening, however, are conflicting. Japanese claim advances in Kiangsi Province, and state that the capture of Kaoan is imminent. Chinese deny that the fighting, though heavy, has moved the Chinese troops in Kiangsi, and report that they have cut the Nanchang-Kiu-kiang railroad north of Nanchang which is the base of the Japanese drive in Kiangsi.

Japan indulges in one of its heaviest bombings of civilian populations on September 12, just before it was going to spring its truce with Soviet-Russia upon its people. This was the bombing of Luchow, 100 miles west of Chungking. It is the fourth largest city in Szechuan province, was bombed by 27 Japanese planes, and was reported "wiped out". J. W. Endicott, of the British Relief Committee, left Chungking immediately for Luchow with a staff of nurses and doctors.

Loyang, in Honan Province, was reported heavily bombed by Japanese planes on September 21, and fourteen other Chinese cities were said to have been badly hit during the three days previous to September 22. An official Chinese Army spokesman stated on September 22, according to an Associated Press dispatch, that Japan's three drives in Central China had been stopped. One of the drives, he said, had been westward along the Yangtze River valley in Hupeh, another southward toward Changsha in Hunan, and the third westward from Nanchang in Kiangsi.

UNITED STATES. How she should treat the United States after this cyclone of changing alliances, Japan apparently cannot decide. Just having spent thousands of dollars publicizing her "goodwill" fliers in this country, she now attacks the American naval program on the grounds that it is designed to oppose Japan in the Far East (and, incidentally, in order to give her people a reason for an increased naval appropriation). Upon the heels of reports that Japan has been seeking a new trade treaty with the United States, come reports of a concerted anti-American drive in the Tokyo press.

There is one surmise which fits both types of behavior...that is, that Japan recognizes that the United States, because of the war in Europe, has been placed in a key position as regard to the Far East; that she knows that her dependence on the United States for war materials is necessarily greater than it was before; that she knows that the United States is closer to placing an embargo on munitions and war materials upon her than she has been before; that she knows such an embargo would probably call a halt to her invasion of China. Whether to placate or to threaten, she can't decide. So she does both.

CHINA AND THE NON-AGGRESSION PACT

By Philip J. Jaffe
(Not to be reprinted)

Have you been wanting to know more about the possible affect of the German-Russian Pact, and more recently the Japanese-Russian agreements, on China? In response to an inquiry the following analysis has been contributed in manuscript form by Philip J. Jaffe, Managing Editor of AMERASIA. The article is presented to readers of the CHINA INFORMATION SERVICE with the permission of SOVIET RUSSIA TODAY, the October issue of which will contain Mr. Jaffe's article.

What most commentators choose to call the "enigmatic" side of the non-aggression pact between Germany and the U.S.S.R. has been allotted so much space that the clear and obvious phases of it have been obscured. While the involved situation in Europe gives rise to wild and unwarranted conjectures, the effect of the pact on the Far East is more easily defined and less subject to confusion. Were one permitted the luxury of oversimplification, the situation in the Far East could be stated in comparatively general terms. There we witness a great Chinese nation comprising about one-fifth of the population of the entire world struggling to become free and independent. Every nation but one has seen the advantages offered by a free China. England, France, the United States, Germany, the U.S.S.R. and many smaller nations have perceived the immense benefits to be derived from the consuming and producing power of 450 million people if they are permitted to develop untrammelled by foreign subjugation. Only one nation, Japan, has been blind to this, and as a result has proceeded to invade Chinese territory and destroy everything in her path in an effort to convert the Chinese nation into a slave colony and a source of cheap raw materials. Japan is willing to sacrifice the consuming power of China for the possibility of building up, in an increasingly contracting world economy, foreign trade on the basis of cheap raw materials stolen from the Chinese people. Faced on the one hand with strong Chinese resistance and on the other with opposition from those powers with large stakes in China, Japan turned to the anti-Comintern pact as a tool with which to accomplish her purpose. At very crucial moments Japan played her part skillfully in the game of blackmail practiced by her partners in the pact.

Japan's ability to play the game of international blackmail has been distinctly weakened, however, by the non-aggression pact between Germany and the U.S.S.R. Today, with the exception of Italy, Japan is left without a single diplomatic ally. And Italy, weak in the Far East, playing a game of neutrality in Europe, and herself anxious to take advantage of the war in order to increase her foreign trade, is at best a poor ally for harassed Japan. Furthermore, while the non-aggression pact is operative on the western front, the U.S.S.R. will be enabled to increase her already substantial aid to China. The recently concluded truce on the Mongolian-Manchoukouan border cannot be interpreted as an aid to Japan, as some commentators have stated. Even before the invasion of China, the Japanese were obliged to maintain 250,000 troops in Manchoukuo in order to put down the increasing resistance of the people and the guerilla fighters. It is reasonable to surmise that today, of the 500,000 to 600,000 troops in Manchoukuo, 400,000 will be required to keep the people there in subjugation. And if one or two hundred thousand Japanese troops can now be withdrawn, the same holds true for the U.S.S.R. A lessening of tension and a saving of war materials will enable the U.S.S.R. to increase her aid to China. Today, except in the case of the United States, aid to China is more important than withdrawal of aid from Japan. Only British interests in China may suffer from the German-Soviet

pact, but British tactics in the Far East for the past two years have been so dilatory and on the whole so much more advantageous to Japan than to China, that the elimination of Great Britain for the present from the Far Eastern struggle will not be catastrophic for the Chinese.

Just as the German-Soviet non-aggression pact has isolated Japan politically, the outbreak of the war in Europe has isolated Japan economically from European supplies and markets. During the past two years the British, French, and Dutch empires supplied Japan with almost 30 percent of her strategic raw material requirements. Today this percentage must of necessity approach the vanishing point. Before the European war, Germany was the largest consumer of soya beans from Manchoukuo. The loss of this market will prove very embarrassing to Japan. It is a little known fact that during Japan's successful attacks against Canton and Hankow last year, more than half of Japan's requirements in shipping tonnage for transfer of troops and supplies was furnished by Europe, 50 percent of this tonnage being British. The lack of such aid and Japan's probable effort to increase her export trade will make it virtually impossible for her to launch any new extensive operations against China's unoccupied areas. Even the foothold that Japan established in the Latin American countries will be weakened. Until recently Germany and Japan cooperated closely in competing for trade in Central and South America with barter trading playing an important role in their successes. This cooperation has now been disorganized with the elimination of Germany. All of this makes Japan more and more dependent upon the United States for her very existence. Realization that an American embargo against Japan would virtually stop her in her tracks, the Japanese Ambassador in Washington has been carrying on what must undoubtedly be urgently significant conversations with Secretary of State Hull. The ability or failure of Tokyo to convince Washington of Japan's "sincerity" of aims is destined to play a decisive role not only in the preservation of the integrity of China as a nation, but an important factor in the future welfare of the American people.

Thus the German-Soviet pact and the European war not only isolate Japan politically and economically but increase immensely the importance of the United States as a power in the Pacific. And by an ironic twist of fate the United States is now the sole economic supporter of the Japanese war of aggression against China. Unable to look to England, France, or Germany for strategic raw materials, Japan must seek these items in increasing quantities from the United States. It is now therefore more pertinent than ever to ask whether the United States, by supplying these items, is going to deprive China of the advantageous position created for her by the present world situation. Already a 10 million dollar machinery order has been transferred from Germany to the United States. Will 1939 and 1940 be a repetition of 1937 and 1938 when well over 50 percent of all strategic raw materials imported by Japan came from the United States? Will the United States permit Japan to use her as a market place for Japanese export trade which Japan is sorely in need of expanding not only in order to replace lost markets but to replenish a rapidly dwindling international exchange balance?

So far as the people of the United States and official pronouncements are concerned, the answer has been adequately given on numerous occasions. We have repeatedly expressed our sympathy for the Chinese people and indignation at Japan's aggressions. But our economic partnership with Japan's military machine continues unaltered and can have but one result. Continued economic support by us of Japan's war of aggression will prolong hostilities in China to a point where the Far East may become an area so devastated that it may well disappear as a favorable factor in world economy. Cessation of such aid, however, through proposed embargo legislation as well as direct aid to China can bring the war to a quick conclusion and permit the

emergence of a free China. Even the excuse that a United States embargo would merely force Japan to look for important war materials elsewhere is not valid today because of the European war. And the fear that Japan might declare war upon the U.S.A. in retaliation because of an embargo has less validity than ever before because of Japan's political isolation. Only a handful of isolationists and nearsighted industrialists stand in the way of our continuing a Far Eastern policy that has been our tradition for half a century - a policy of free and friendly commerce with a friendly nation. Today more than ever the economic and political welfare of the American people are closely bound up with the continuation of a free China. And now, more than ever, partly because of the German-Soviet non-aggression pact with its resulting weakening of Japan, we have a magnificent opportunity to extend and consolidate our economic and cultural ties with China. Only Japan stands in the way, and strangely enough, the United States today is almost the sole supporter of the Japanese military machine.

Japan on her side is obviously faced with an impasse. The European war places her in the advantageous position she found herself in at the end of the last world war. This is her chance to expand her faltering foreign trade and recapture many world markets, and once again regain the world position she enjoyed in 1937. But her inability to conquer China leaves her faced with a serious dilemma. Shall she slacken her warfare and proceed to increase her foreign trade, or shall she redouble her efforts to deal a final crushing blow to China? A likely compromise may be the setting up of a national puppet government under her renegade ex-premier Wang Ching-wei and the making of a formal paper peace with it. This would permit Japan to garrison troops in the chief military and economic centers under her army's control in order to keep control of strategic trade routes from which all other powers are to be excluded. She would face no immediate danger from western power interference because England, France, and Germany are too occupied in Europe. She would face continued resistance from the Chinese people and possible economic resistance from the United States. Because Japan understands fully the increased importance of the attitude of the U. S. under the changed conditions created by the war, a new so-called "liberal" cabinet has come to power in Japan. In line with this new understanding or fear, Ambassador Horinouchi in Washington is very busy talking to our State Department. Will the United States government be hoodwinked into falling for the "new order in Asia" talk by Japanese statesmen or will she follow the desire of an almost unanimous American public opinion which wishes to deal economically and culturally with a free China to the advantage of both the Chinese and the American people, and which knows that this free China can emerge from the present conflict in time to be of benefit to us, only if we, the United States, withdraw our support from Japan and give it to China?

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CHURCH COMMITTEE FOR CHINA RELIEF. The fall drive has been launched with a goal of \$1,000,000. The Committee now has 20 field representatives covering the entire country. A new printed monthly bulletin, "Have a Heart for China" is being sent to 100,000 ministers. Your cooperation with this Committee will be much appreciated.

UNITED COUNCIL FOR CIVILIAN RELIEF IN CHINA. Bowl of Rice Parties are to be held during the week of October 30 throughout the country. Write to Mr. Bruno Schwartz, United Council Headquarters, 1250 Sixteenth Avenue, New York City, for information about your local chairman. October 10 will be celebrated at the World's Fair as China's Independence Day. A nation-wide broadcast is being arranged. The participation of any group will be welcomed. Write Mr. Schwartz.

CHINESE INDUSTRIAL COOPERATIVES. Miss Ida Pruitt will work in this country for several months to create interest and raise money for China's Industrial Cooperatives. She may be reached through the China Medical Board, 49 West 49th Street, New York City. \$10.00 will start a man to work and make him independent.

THE WAR IN CHINA STILL GOES ON!

The following excerpt is from the most recent letter (Aug. 29th) of one of our China correspondents, Mr. George A. Fitch, describing a recent air-raid on Kiating, West China.

"We took the old 'Commodore', a 20-passenger seaplane which was once on the Havana run, Monday noon, a week ago yesterday, and three hours later were in Kiating. Our pilot, Paul Chen, circled over the city two or three times before landing so that we could see the destruction caused by the bombing of just two days before and later we walked all thru the ruined area. It was pretty terrible. Kiating is not such a large place, just under a hundred thousand, but it is a famous place historically and is the commercial center of a very rich section of western Szechuen. It had no anti-aircraft of any sort and the city, the business section, was bombed and burned flat, and the casualties must have been close to a thousand -- more than half of them killed and burned to death. They were still digging out the corpses when we were there and the stench was already getting pretty bad for the weather was hot. They had had twenty-one air-raid warnings in the previous month without anything happening -- the planes had already gone elsewhere,--so the people had grown careless and many stayed in the city instead of leaving, and when the second warning sounded it was too late.

The Japanese scattered handbills as they dropped their bombs saying that Japan was invincible, that if the city permitted the capital to be moved to Kiating they would return and wipe them out. That was what they did at Chengtu, too; but the government has had no idea of removing to either place. Thirty-six planes took part in the raid, and with no defense they were able to drop their bombs just where they wanted to. It was the largest destroyed area I have seen so far. Chungking and other cities have suffered more in the aggregate, of course, but I have not seen another single area so large as that at Kiating. In the Canadian hospital we saw the halls crowded with the wounded, some of them dying, most of them lying on the bare floor. I shall not attempt to describe them. When we came out a boy of perhaps fourteen was lying just a few feet from the gateway, a bit of shrapnel in his head. He had managed to get that far, just while we were in the hospital, when death overtook him."

From another letter dated Chungking, August 4, 1939:

"Back in China's war-time capital after a nine week's trip to the great Northwest--to the borders of Eastern Turkestan and Tibet and also into the Communist area of the famous Eighth Route (Red) Army--a trip that was packed full of interest and not a few thrills. Back to Chungking, and friends and civilization,--also back to nightly air-raids! For the Japanese bombers have visited us both nights I have been back and they came twice in the full moonlight of the three nights before my return. Will they come tonight? Perhaps. But the moon is well on the wane, so they may not. I remember how thankful we were in Nanking for moonless nights. "The terror that cometh by night"! But if we were thankful for dark nights and rainy days in Nanking, we are much more thankful for them here. For in the early days of this war Japan at least made some semblance of sticking to what they termed "military objectives", even if those objectives included hospitals and universities and libraries. So we felt moderately safe, and only once so far as I can recall did I get up from my bed when the raiders came at night, and that time it was only to lie out on the lawn and watch them as they dropped their eggs on the airfield to the south. Today we take no chances! The Japanese in their frenzy of desperation, have thrown off their

mask, the thin veneer of civilization which once they wore. Their main objective today is to kill and terrorize, not soldiers, but innocent civilians, and where they find the population most dense there they drop their bombs. And because three-quarters of Chungking's population has now moved out into the surrounding territory, they are now busy in bombing these areas.

We who live on the South bank of the Yangtze river once thought these areas were safe. But no longer. Bombs have dropped within one hundred yards of the house where I live, bringing down the plaster and shattering some of the windows; our Embassy and some of our American officials have had fairly narrow escapes, and so has our gunboat, the "Tutuila", anchored just below where I write this, while the Canadian hospital has been fairly showed with bombs but fortunately escaped with only slight damage. On the other side of the river both the French and the Belgian embassies have suffered (two servants killed in the former) during these last two raids, the Ford Agency was demolished, and the house into which Tillman Durdin, of the New York Times, had just moved with his newly-arrived wife, the former Peggy-Lou Armstrong of the Shanghai American School, was wrecked. Edgar Snow happened to be visiting them at the time, but fortunately they were all in a nearby dugout when the bombs were dropped.

So now we always take to our dugouts. Even if the bombers don't pass overhead, there is danger from falling shrapnel. The nearest to us is in the garden of Mr. G. of the Socony-Vacuum Co., a quarter of a mile up the hill. When the siren awakes us with its doleful shriek at midnight, we tumble out of bed and make tracks for safety. We pause on the porch for a chat and a cool drink until the second warning comes, and even then stay at the entrance of the cave for a while to watch the play of powerful searchlights over the sky as they seek the raiders. When they suddenly converge and we see the planes like great silver birds flying over us, perhaps at a height of ten thousand feet, we know it's time to take to cover--unless they are so far to the north or west that we feel it's safe to remain longer and watch the tracer bullets, like gargantuan Roman-candles, as the pursuits, flying still higher, open fire and their fire is returned. A woman in the Chinese house just below us begins to moan and cry in terror. She is too ill to be moved, they say, so must stay in the house alone while the rest go forth to shelter. Then the flashes of exploding bombs. We count the seconds until the sound reaches us to determine how far away they are. Twenty seconds, say three miles. That must be over on the Chengtu Road where so many of the people have gone for refuge. Another wait for perhaps a half hour until the second wave of planes comes over. This time they are too the north, dropping bombs on the airport and some of the villages in that direction. The woman cries more loudly, not realizing that once again she is safe. But some were not so fortunate. The casualties now are nothing compared to what they used to be, for the people are scattered, and there are more dugouts to give them safety. Yet night before last over a hundred were killed, people who had gone to a hillside where they thought they would be quite safe. We haven't heard any reports yet on last night's bombing.

Yet the business of Chungking goes on. After being away for over two months I was surprised to find the streets in the main shopping sections fairly thronging with people. The buses were running and rickshas and sedan chairs and a few cars were plying the streets. In places there were new gaps where buildings had been destroyed since my departure, but most of those that were left were open for business. Their stocks had largely been moved away, to some place out in the country, only keeping enough in the city to meet immediate demands. No one seemed particularly disturbed, no one was complaining, but everywhere you met with the same courtesy and good humor that you are accustomed to with the Chinese. If the Japanese think that by their terroristic methods they are cowing the people into submission and to revolt against their own government, they are vastly mistaken. Rather is the reverse true. And one can't mix around with these Chinese, no matter in what walk of life they may be, without having a heightened admiration for their courage and industry, their patience and self-respect."

CHIANG KAI-SHEK SPEAKS - September 17, 1939.

"The European war should make us fight Japan with greater vigor, since we are confident of the ultimate victory of China's rightful place in reshaping new world orders", declared Generalissimo Chiang Kai-shek in addressing the Fourth Session of the People's National Council. The Generalissimo stressed the necessity of strengthening the rear by developing the tremendous economic resources in the Northwest and Southwest of China and Sikong Province. Touching upon the military situation, he pointed out that during the past six months, the Japanese troops not only made no advance, but on many fronts were compelled to retreat. "I am now in a position to state before the Assembly that our present military strength as compared with that at the outbreak of the war of resistance over two years ago is more than doubled."

Referring to foreign affairs, the Generalissimo said: "Despite the war in Europe, we must consistently carry out our fixed policy of armed resistance against Japanese aggression. How this should be carried out must be studied in the light of the new international situation. The Sino-Japanese problem is a world problem. The underlying cause of the present war in Europe is traceable to the Japanese invasion of China which has upset international peace and order. In resisting Japan, China is not only preserving her own national independence, but is also helping to maintain international justice. As the Chinese people constitutes one-fourth of the world's population, we realize our heavy responsibility in the noble task of promoting permanent world peace. World peace is far distant so long as our conflict with Japan is not terminated. Since the outbreak of the Mukden incident eight years ago, China has consistently been pursuing a national policy consisting of: First, resistance against Japanese aggression to preserve territorial and administrative integrity; Second, maintenance of international treaties, such as, the League Covenant, Nine-Power Treaty, Kellogg-Briand Anti-war Pact, etc. and cooperation with peace-loving nations to preserve the existing world order; Third, non-participation in the Anti-Comintern Pact; and Fourth, consistent foreign policy based on self-reliance which aims at the preservation of China's independence and equality among the nations, at the consummation of Dr. Sun Yat-sen's three Principles of Nationalism, Democracy and Livelihood and at the attainment of permanent world peace.

"Following the catastrophe in Europe Japan has proclaimed the policy of non-intervention. She does not want the interference of Europe and America in the Sino-Japanese conflict, as she is attempting to establish the so-called 'New Order in East Asia' which will place her in a predominant position in Asia to the exclusion of other powers. There is no doubt that Japan is bent upon creating another world of her own. Japan is already exhausted in man power, so from military standpoint, she is already defeated. In future, the aggressor will resort to political and economic means and will, in the word of the Japanese, 'foster the growth of new political power in China' and cooperate with traitors in formation of a so-called 'Renovated China'. Any organization created under Japanese dictatorship, irrespective of whatever name used as cloak, is only what the enemy refers to as 'liaison section of Japanese revival of Asia Bureau'. China holds any one participating in such organizations as slaves of Japan. A handful of traitors whom we do not recognize as citizens of China may establish a bogus 'Central Government', sign hundred or thousand of treaties with the enemy, but have no validity whatsoever and will not have the slightest effect upon the war of armed resistance. We stand united to repel the enemy and to carry out the program of reconstruction."

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By Dr. Lin Lin

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WITHHOLD AMERICAN AID FROM JAPAN

The China Information Service follows the leadership of the American Committee for Non-Participation in Japanese Aggression in suggesting a course of action for all those concerned in withholding American aid from Japan.

Mr. Harry B. Price, Executive Secretary, writes "It is inevitable that the beginning of another great conflict in Europe should take first and almost exclusive claim upon public attention" but he points out that we may expect the Pacific horizon to again take its place in the total picture. "It is imperative that it should. For now, more than ever, Japan is thrown into reliance upon the United States. More than ever, we are becoming the great armorer and economic support of the Japanese military machine. More than ever, the United States holds the key to the Pacific situation. This fact will not be lost upon able officials of the State Department or upon those throughout the nation who refuse to be stampeded by events. Our responsibilities in the Pacific have been increased, not decreased, by the outbreak of war in Europe."

Suggestions for action are (1) Write or telephone the editor (or city editor) of your own newspaper, asking for full coverage of news from the Far East, and of developments in American Far Eastern policy; (2) Write to Secretary Hull, informing him and the Administration of your continued strong interest in the stoppage of war aid to Japan; (3) Watch the news as the special session of Congress gets under way; further definite recommendations may be made to you on short notice.

QUESTIONNAIRE FOR YOUR ATTENTION: Attention is directed to the article "The Problems of Sanctions in the Far East", by Elizabeth Boody Schumpeter, in PACIFIC AFFAIRS for September 1939 and to the questionnaire presented by the editor, Owen Lattimore, on page 302 of the same issue. Since readers of the C.I.S. are those who might well be readers of PACIFIC AFFAIRS Mr. Lattimore's questions are quoted. Read the article, answer the questionnaire, and send your opinion to the editor of PACIFIC AFFAIRS, 129 E. 52nd Street, New York City.

- "1 Do you believe sanctions against Japan would end the war in China?
- 2 Do you believe sanctions against Japan would lead to further war?
- 3 Do you believe that sanctions should be international?
- 4 Do you believe sanctions could be applied by any one nation?
- 5 If so, what nation?
- 6 What is your nationality?
- 7 Do you have first-hand knowledge of Japan?
- 8 Do you have first-hand knowledge of China?
- 9 What is the subject on which you are best informed?

NEW CHINA. Frank Price's letters No. 6 and No. 7, are being sent to those who are on our paid subscription list and to a few others in the hope that they may want to become subscribers. Please send your \$1.00 a quarter or \$4.00 a year in order to receive both the China Information Service and New China. Complete sets of the letters are available upon request. Please send postage.

OLD ISSUES WANTED. A number of important requests for Issue 1 through 10 have been received in the office of the China Information Service. If any or all of these issues are available, the Secretary would appreciate receiving them. The National Library of China is one organization requesting a complete file! Please help if possible.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

ISSUE THIRTY-ONE

October 27, 1939

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WHAT CAN WE DO NOW FOR CHINA?

Many conflicting reports are made on recent developments in the Far East -- including Ambassador Grew's speech. Some hint at American recognition of the Japanese conquest of Manchukuo and of a newly defined Japanese influence in the Peiping-Tientsin area in return for a revival of the open door and withdrawal of troops from all South China. We have reason to believe that our government will stand firmly for decent international relations in the Far East. The principle which should guide at this time is that nothing be done in violation of the Nine-Power Treaty. You may help by writing to Ambassador Grew supporting the strong stand he has taken in his recent speech. Also write to the Chief of the Far Eastern Division, Hon. Maxwell Hamilton, commending Ambassador Grew's stand and urging support and enforcement of the Nine-Power Treaty with consequent withdrawal of our economic support of Japan.

CHINA MISCELLANEA

ANOTHER MISSIONARY MAKES APPEAL. Just returned from China one man writes "I, too, have been through all the devastation and Hell during the past two years, going to and fro through both the Japanese and Chinese lines, in the midst of hundreds of bombings, and came very near being killed a number of times by bombs and shells made

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI. PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA. FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y. Y.M.C.A., CHUNGKING. SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, SZECHUAN

in the U. S. A. For proof, duds, picked up, happened to have U.S.A. on them... We the people of these United States MUST WITHHOLD ALL AID FROM JAPAN.."

IMPORTS The Far Eastern News Bulletin reports January-June 1939 customs-declared imports in all of China at G.U. 300,775,810. Shanghai accounted for 45.10%, Tientsin for 28.04%, other Gulf of Chihli ports and Tsingtao for 13.15; and Free China customs stations for only 13%. Japan with Formosa, Korea, and Kwangtung Japanese Leased Territory accounts for 35%. Next followed the United States with 15.46% then in order British India, Germany, Great Britain and Australia and the Netherlands. The British Empire had a share of 25%, ahead of the United States but far behind Japan. Cereals and textile fibers, wheat, wheat flour, rice and raw cotton, accounted for one-third of all the imports with oils and fats, chemicals and pharmaceuticals, metals, machinery, paper, tobacco leaf and dyes following suit.

EXPORTS Total exports from all of China during the half-year were valued at Ch\$411,460,223. Shanghai's dominated with 42.04%, followed by Tientsin with 14.72%; the other Gulf of Chihli ports and Tsingtao with 11.98%; and FREE CHINA with over 30%. The fact that Free China's exports more than twice surpassed her imports deserve special emphasis. Japan has as yet been unable to take the lead in China's exports... It was chiefly coal, iron ore, and raw cotton which Japan expected to extract in large quantities from China... Actually today Japan is obtaining by force less coal, iron ore and raw cotton from China than that country sold her through ordinary commercial transactions prior to the present war.

INDUSTRIAL COOPERATIVES: During September 1939 the British Fund for Relief in China made a grant of Chinese \$50,000 to the Industrial Cooperatives in the Northwest and Chinese \$10,000 to refugee work in the Southeast. At the same time the American Advisory Committee for Civilian Relief with headquarters in Shanghai, gave Chinese \$30,000 for the Southeast. This brings the contributions from these two organizations up to \$80,000 for the British Fund, and \$75,000 for the American Advisory Committee.

Early in September the Chinese Government made a grant of \$3,000,000 to the Industrial Cooperatives, completing the \$5,000,000 promised by Dr. H. H. Kung, Minister of Finance. It is planned to increase the present total of 1,200 units. The immense market for all kinds of goods in the interior of China is vividly illustrated by a \$1,500,000 monthly retail business reported by the Northwest's newest department store just established in southern Shensi. The store was created by the cooperatives to market products of some 270 small industrial cooperative societies formed and controlled by destitute local and refugee workers.

COOPERATIVES IN HUNAN PROVINCE: Industrial cooperative societies have been introduced in Hunan as follows: 25 cloth weaving, 2 shoe making, 4 tailoring, 3 stocking manufacture, 3 chemicals, 1 printing, 1 carpenter shop, 1 oil manufacture, 1 umbrella making, 1 leather goods, 1 leather tanning, 1 towel making, 1 toothbrush making, 1 cigarette manufacture, 1 underwear manufacture, 1 surgical gauze and cotton manufacture, 1 dry cells manufacture, 1 stationery production.

SOUTHWESTERN PROVINCES HAVE 472 FACTORIES. Excluding those capitalized below \$20,000, 472 factories are operating in China's southwestern provinces, according to a survey made by the Commercial Daily News, a newspaper in Chungking. Of the number 382 are in Szechwan, 49 in Yunnan and 41 in Kweichow. One hundred and thirty factories are concerned with chemicals, while only seven deal in lumber.

MISSIONARY EXPERIENCES AIR RAID IN SOUTH CHINA

In July the woman missionary who writes of this experience expected to take a trip to the coast with some of her co-workers. They were at the river when one then a second alarm sounded. "The Chinese women and I were at the back of the boat. I went to where X was and he pointed out to me eighteen black birds flying in formation.. flying lower and lower and one group directly over our boat. We were tied to a floating pier and there were boats all around us. I went back to the center of the boat and said: 'They are going to do things this time.' I dashed to a corner near the front of the boat where there were fewer windows and crouched there. As the others sought hiding places the anti-aircraft guns began to crack. Then came the ripping sound of bombs falling through the air. In a moment it seemed that the whole world was going to pieces. Fragments of glass and wood were falling over me. The noise was deafening and in the midst of it all two bodies fell on top of me. The bodies began to move and then got up - two Chinese men as safe as I was. I crawled under a kind of table a little further back out of the passage way. As they fell in beside me the second load of bombs came. A man was wounded just beside where I had crouched the first time. Before I could collect my wits there was a mad rush for life preservers and the doorway. I heard Mr. X calling and followed him out. As I came to the doorway heat and smoke made me know there was a fire, and looking up, I saw the whole floating pier was going up in flames. It was already to the end of the boat.

I followed Mr. X and others into an old motor boat that was tied up by the side of ours. We tried to break through to the other side but doors were locked. Flames were licking out toward us from the pier and the heat was almost unbearable. Between us and the next pier was a stretch of foaming yellow river water. X took off his shoes and plunged in. He came up near the next pier and Miss T followed him. He had a struggle with her but finally got her to hold the chain that anchored the pier at the end nearest us. I called to him that I was coming and jumped in, leaving purse, passport, shoes, etc., on the boat. He said he thought I would never come up but it was impossible for him to swim upstream against the current. I came up in good condition, however, and swam to him. He took my hand and helped me to the chain. The servant woman who had never tried to swim was still clinging to the old boat but the fire had already blistered one arm. Miss T called to her and she plunged in. As she passed by us all we could see was her feet and Miss T was begging Mr. X to save her. He went after her and she gripped him in such a way that both almost drowned. He got control of her in time to come up and catch the chain at the lower end of our pier. In the meantime a young soldier had joined Miss T and me at our end of the pier. Fires from above had made the place quite warm and between our pier and the shore there was a solid mass of small boats on fire and the wind bringing it all down upon us. I had the highest grip on the chain. It ascended at an angle and then the bottom of the pier sloped upward. I knew I could never climb it alone. I told the soldier to go up. After he was up I tried to climb up. I went as far as the wooden part and he grasped my hand but my strength was gone and he was not able to lift me to the top. My hands gave out and I fell into the water. The current swept me under the pier before I had time to come up for breath. When I came up and my head struck the pier I tried to go forward and out from under it but the water was too swift. I thought it was the end. There was a period of blankness before the current took me into the open below the pier. There my face came up and as the air struck it consciousness returned and a conviction that I must fight for life. But the air could not get into me. It was agony. I used the last bit of air in me, as well as energy I never knew I had, to call for help. Mr. X had not seen what happened. He was already exhausted but called to me to keep fighting and plunged in after me. The soldier above us had thrown down an old window frame and a piece of bamboo chair but I was going ahead of them. Mr. X used the last of his

strength to push the window frame to me. I grasped it and lay across it almost collapsed. My strength was gone, so was Mr. X's. He grasped the bamboo but it was not sufficient to hold up his weight. Soon he caught to the side of a small boat as he passed it. They would not allow him to climb in but rowed over to a big junk in midstream with him hanging on to their boat. From the junk X signalled the customs launch with two Englishmen aboard. In the meantime I was floating downstream. Passing a motor boat I saw two men and called weakly for help. They had already prepared. One held out an oar and told me to grasp it while another dropped a loop of rope and told me to put my other arm through that. He drew the loop tight and drew me up till strong hands caught me and pulled me up on the boat. In a few moments the servant woman was there with me. She was drifting by on a piece of plank thrown to her by our soldier friend and the men on the boat picked her up. They were kind to us in every way and helped us to signal the customs boat..... All that night I lay and listened to the throb of fire engines in the distance and the cries of the wounded nearby For awhile I wanted to run away but now I want to stay.

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AIR RAIDS

The September 10 bulletin from the National Christian Council reports the following air bombings: Yuangling, western Hunan: City almost completely destroyed on August 26th. Kweilin, capital of Kwangsi: January's bombings destroyed over 2,500 buildings in the city. On July 31 and August 4 more severe air-raids took place with heavy loss of life. Ningpo, coastal city in Eastern Chekiang, suffered nine destructive air-raids which resulted in heavy loss of life and property destruction valued at about Chinese \$20,000,000. The most prosperous part of the city was destroyed, the greatest calamity in the city's history. Kaiting, in western Szechuen, was one-third destroyed in a raid on August 19th by 36 Japanese bombers. One thousand were killed and two Canadian mission churches, a hospital and clinic, a college dormitory, and one of Madame Chiang's orphanages were destroyed.

From another source: In August Nanning, Kwangsi, was visited almost daily. August 23, eight planes. August 16, Lungchow, near border of Tonking was bombed. A week later the same city was subjected to a fearful raid. August 29, Hingyuen bombed but there was little damage. Later in August there were intensive bombings of Nanning, Kweih sien, Lungchow, Pangtseung, Liuchow and Tsin-kong. On September 6 six Japanese planes raided Liuchow. Twenty-five planes bombed various places in Kwangsi. Wutlum, Southwest of Wuchow, was raided by ten Japanese planes.

THE CHINESE RED CROSS

From August 14, 1937 to May 1, 1938, a total of 44,389 wounded soldiers were either treated in Shanghai or transported from that city by the Chinese Red Cross which has also attended 1,658,979 surgical cases, 198,127 medical cases and 835,814 preventive and sanitary cases during the period between January, 1938, and June, 1939 according to a pamphlet issued by its secretary-general, Dr. C. C. Pang. As to the financial side of this work, since July 1937 to the end of June, 1939, the National Red Cross Society of China has received a total of Chinese \$4,000,347.52 and Hongkong \$1,607,649.68 and expended an aggregate sum of Chinese \$3,227,600.19 and Hongkong \$814,654.65, leaving a balance of Ch. \$772,747.33 and Hk. \$792,995.03. Of its receipts Ch. \$713,062.65 came from the government, Ch. \$31,066.50 consisted of membership fees and the rest represented contributions from abroad. Ch. \$2,085,163.50 and Hk. \$770,093.74 were spent on medical relief and Ch. \$605,092.03 were spent on the maintenance of hospitals for wounded soldiers. There are 158 doctors, 359 nurses and 846 assistant nurses and rescue workers.

MANCHURIA TODAY

Manchuria, after the Mukden incident, seemed like China in suspense. Today it seems to be full of Japanese in feverish activity, their military and civilians hurrying to and fro and everywhere in charge of things. But one does not sense any feeling that it has become Japan. One does not see Japanese families settling down to make their homes here. They are not in evidence on the land nor in the small business of the cities to any great extent. They seem to be shipping goods in quantity on the railroads, their hotels and travel bureau and passenger trains are very busy, soldiers police the railroad stations, stores are filled with Japanese goods, there are Japanese dance halls. In one city, where many Chinese families for generations made their living by cutting and storing ice, a Japanese started an artificial ice plant, and it is now illegal to sell natural ice. But one does not see them conducting the settled established business such as are seen in any city in Japan. Rather they seem to be away from home, and making money to take home.

Manchuria today is still China. The Manchurian people have not been subjugated, except externally. Psychologically they have not accepted the Japanese as their rulers. I have been surprised at the flat statements they make about expecting to be back under the Chinese National government. They are too hopeful about the time it will take them to get back, in my estimation, but the fact that they do expect it shows that Japan has not conquered their minds.

LACK OF FREEDOM

The idea that "Manchukuo" is an independent country is carefully maintained. One may be near the borders of the Leased Territories, and wish to visit Dairen. But to do so he must first travel 400 miles to Hsiching, the new capital, to get a visa from the Japanese consul there. Even since North China has been occupied Chinese men are not allowed to cross the line. Women are allowed a little more freedom. Chinese may not receive letters from North China without being suspected of connection with some revolutionary group and of carrying on traitorous activities. They have learned to refuse to accept delivery of letters from the post office, although they may know that the contents will be harmless, and that the letter has already been read at the post office. A foreigner, accustomed to friendly conversation with any and all the Chinese about him on a train in China, does not speak to them or notice them on a train in Manchuria, for such casual contacts may be followed immediately by a very uncomfortable quizzing of the Chinese by some Japanese as to what connections he has with the foreigner. Disclaiming of previous acquaintance will in no wise convince the questioner.

Particularly in the early days of the occupation the receipt or possession of books or printed matter from outside was taken as proof of dangerous thoughts. Persecution followed, and it was difficult and dangerous for Manchurians to try to get letters to those south of the wall to instruct them to stop mailing periodicals, books, etc. One Shanghai publisher shipped some parcels of publications containing no sort of reference to political matters, but the name of his firm contained two objectionable words - "China" and "Union" - and the several addressees were thrown into jail. To save themselves Chinese everywhere burned all the books in their libraries if the title pages carried so much as the word "Shanghai" as the address of the publisher, or the date expressed as such and such a year of the Chinese Republic, even though that date might be some years previous to the date of the occupation.

If one possessed a book with a dangerous reference or phrase in the text he was even more likely to go to prison. The sort of thing ~~that~~ might cause arrest was mention of "China", "Sun Yat Sen", "Chiang Kai-shek". A missionary was using a tract in evangelistic work in which occurred the sentence, "There is only One who can save". He was told that now the Japanese had come to save the people, and was forbidden to use it further. A hymnal containing the hymn "Day is Dying in the West" had to be destroyed. The character for "day" is also the character for "sun" and is the name of the Japanese Empire. A book entitled "The Faith that Rebels" was decidedly suspect as fomenting rebellion.

Now there is a law that any publication sold in Manchuria must carry the name of the editor and the publisher, with their present addresses within the country. They must be responsible for the contents and must be easy to locate in case of trouble. Bibles being printed now in Manchuria carry on the title page the name of a living editor and his address.

CHINESE PRISONERS

Some have not returned from prison, others have returned after weeks or months and will not discuss even in private their experiences there except to make the laconic statement, "We were well treated". Some stories of conditions in the prisons have been told to me in secret under promise not to make them public, but I may say that I know of some cases that required weeks of hospitalization after release.

CHINESE IMPRESSED LABOR

Labor from North China, particularly from Shantung, is being impressed and shipped in. I saw 800 on one boat, some women and children, some old men, but mostly younger men, and all of them apparently farmers. Before the occupation there was a great movement of these people to Manchuria. Japanese agents go to them in their homes and practically force families and villages to move, though I have no doubt that colorful promises are made to them of the fine living conditions they will have and the wealth they will accumulate, as in the old days when migration meant a real new opportunity. Some of this impressed labor has been sent to the farms, but most of it I understand to the northern border where it has been used to erect fortifications against Soviet Russia. These people are not allowed to get letters through to their homes once they have left them, and are inadequately provided for in food and clothing in the terrific cold of the north. They are simply swallowed up.

The Concordia, or Hsieh Ho Hwei, is a political party organization sponsored by the Japanese and intended to parallel the Kuomintang in China. Any citizen of "Manchukuo" may belong, whether Chinese or Japanese. Its members wear a khaki colored uniform with a high doubled-over collar buttoned around the neck. Some of them are of the finest whipcord, others of cheaper material, and they may be purchased ready-made on the street of very flimsy material for \$2.00 local currency. The resulting impression is that the membership is made up of a very heterogeneous group. Anyone may join by simply applying, and those working for Japanese or for one reason or another wishing to demonstrate their acceptance of the present regime constitute most of the membership. There is not much evidence of the high standards that are required in the Kuomintang, nor of a similar unity of purpose and ideals. One fails to sense the homogeneity he would expect in a group wearing a uniform.

CONTROL OF CHURCH AND SCHOOL SOUGHT

A branch under the Concordia is the Lien Ho Hwei, or Federal Council of Churches. It is the instrument by which the government is approaching the Christian church and hoping to convince it of a desire for friendly cooperation. Its aim, I would say, is a closer control through the church's voluntary acceptance of these outwardly friendly advances.

Schools are coming under the same pressure to worship at the shrine which is being put upon the Korean schools. Threats to the lives of principals and teachers have forced them to comply. Higher education and primary education have been forbidden in mission schools. They are permitted to conduct only four years of Junior Middle School with three years, grades 7 to 9, as usual and with the usual Senior Middle, grades 10 to 12, condensed into one year. Such Junior Middle Schools may operate only as technical schools. All primary education is in the hands of the government, and higher education for Chinese is practically a thing of the past. Such people of the educated classes as remain are not permitted to leave the country, and are not permitted any sort of activity without close surveillance, so their lot is a hard one.

CONTROL OF NEWSPAPERS, COMMUNICATIONS

Newspapers are censored, and print only what the government wants published. When the recent hostilities broke out on the Mongolian-Soviet border the newspapers reported that 100 Mongolian planes had flown over and attacked Manchukuo, and that one Japanese aviator had taken off and shot down 42 of them. The people do not believe such reports but have no access to uncensored news.

The control of the country is very complete along the main lines of communication and in the cities, but in outlying districts guerilla bands are still active. There are points not very far from some of the big centers where foreigners traveled freely under the old regime, but where they cannot go at all now because the Japanese have not been able to establish police control.

FOREIGN EXCHANGE AND MONEY

Japan's need for foreign exchange with which to purchase war materials is much in evidence in the close control of foreign exchange transactions and of imports and exports. Manchuria is a great wheat producing country, yet if one wants to purchase a bag of flour he may be allowed to buy five pounds, maybe none at all. A woman in Russia wrote to her relatives in Manchuria that she was purchasing flour which showed clearly on the bags that it was from Manchuria. The wheat and flour are going abroad to increase the total of foreign exchange. Cotton cloth, formerly eight cents, now sells at forty cents or more. The only paper available is that imported from Japan and it is high in price, higher than foreign paper in China proper. A new railroad line was started and the roadbed is graded and ready, but they cannot buy the steel rails to complete it. Foreign business concerns are closing up because it is impossible to send money out of the country and so difficult to import goods. Foreign banks are dealing only in yen and local currency.

The "Manchukuo" dollar is pegged to the yen at par, and the rate is around four to the US dollar. Yet they can be purchased at about fourteen to the US dollar in North China, and the government must be taking some enormous losses to maintain its rate. The trains across the line between Mukden and Peiping are crowded

with Japanese, and one suspects that individuals are finding ways to make great profit out of this exchange difference.

LOCAL GOVERNMENT SOURCE OF DIFFICULTY

Many of the difficulties under which the Manchurian Chinese are living trace to the local magistrates, some of whom are lenient, some very strict. Much of the interpretation and application of the Japanese policies are left to the local individual authority, and it is likely to be more severe in the smaller places. There is little continuity or consistency about the manner in which laws are applied. Enforcement may suddenly become very strict in a district without warning or apparent reason. The local military magistrates throughout the country are so corrupt that they cannot be allowed to hold one post for a longer term than six months, and so are frequently moved about. One of Japan's major difficulties in the way of profitable conquest of Manchuria will be the avarice of her own nationals.

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CHRISTMAS CARDS

CHURCH COMMITTEE FOR CHINA RELIEF. Give gifts to China, send cards to your friends. An attractive Christmas card has been prepared by the Church Committee, 105 East 22nd Street, New York City, stating inside that the money which would have been spent on a gift this year is being sent to China. Cards 50¢ a dozen.

AMERICAN BUREAU FOR MEDICAL AID TO CHINA, 57 William Street, New York City. Attractive Christmas cards have been prepared by this organization. A box of ten sells for \$1.00. The cards were designed by Miss Yee Ching-chi, an outstanding Chinese painter. Proceeds go to the purchase of medical supplies to be given through the Chinese Red Cross.

ASSOCIATED BOARDS FOR CHRISTIAN COLLEGES IN CHINA

With Henry R. Luce, editor of Time, Life and Fortune, as the chairman of a newly organized finance committee for the China Colleges, this organization is setting out to raise a special fund of \$250,000 for the 1939-40 school year. In "The China Colleges" bulletin of the Associated Boards, Mr. Luce has written: "As never before, these Christian Colleges symbolize America's friendship and good-will for Chinese people. They occupy a vital position, are performing a lasting, constructive service in a world where the forces of destruction seem dominant. For what they mean to us, as well as to China, these Colleges will be adequately maintained this year. There will be no black-out of Christian education in China."

BOWL OF RICE CAMPAIGN - OCTOBER 30

The United Council for Civilian Relief, Col. Theodore Roosevelt, Chairman, is sponsoring the Bowl of Rice parties to be held throughout the United States during the week of October 30. The campaign is being carried out by the Trans-Pacific News Agency and this organization has been able to run the campaign at a far lower cost than that of last year. All individuals and organizations who wish to cooperate with these parties are urged to get in touch with their local Bowl of Rice committee chairmen. If you do not yet know the name of this person, call your local newspaper or your local radio station. If you are in a community without a Bowl of Rice committee, and wish to form one, write to Mr. Bruno Schwartz, Campaign Headquarters, United Council for Civilian Relief in China, 1250 Sixth Avenue, New York City.

SUMMARY OF CHINA NEWS

AMBASSADOR GREW TALKS STRAIGHT FROM 'HORSE'S MOUTH.' Giving Japan a good case of jitters, United States Ambassador Joseph C. Grew told the Japanese last week exactly what the American people thought of them. He told of growing resentment on the part of Americans toward the Japanese "Bombings, indignities, and manifold interference with American rights" in China. He told, with no hedging, of the "increasing extent to which the people of the United States resent methods which Japanese armed forces are employing in China and what appears to be their objectives." He emphasized American respect for treaty obligations, agreements and international law.

Jittery state of the Japanese was shown immediately following the Grew bomb-shell. Under ordinary circumstances the Ambassador's statements would have been deeply resented in Japan, presented as they were before the American-Japan Society whose members include some of Japan's most prominent citizens. Several months ago there would have been immediate talk of reprisals.

Not so last week. There was some anger. But there was more talk of improving relations. Admiral Nomura, Japanese Foreign Minister, made haste to promise that Japan's "new diplomacy" would respect the rights of Americans and Britains in China.

Japan's hope, obviously, is that by promising to respect the rights of third powers in China, she can persuade the United States to back a "peace" settlement which will enable Japan to set up her puppet regimes in central and north China.

Japan's fear, obviously, is that before she has time to do this, and to soften American opinion toward her, America will place an embargo of war materials upon her.

Therefore, nervously, she listened to Ambassador Grew's talk of American rights in China, and is trying to promise that they will be respected. What she seems to have overlooked is that American rights, as emphasized by the Ambassador, must necessarily include respect of the Nine Power Treaty.

RED SCARE - A series of reports from Japanese, or unidentified sources, have been appearing in the American press during the last two weeks emphasizing increased Soviet aid to China. One such report, appearing on October 19, claimed that a Soviet military mission had arrived in Chungking, and predicted a Chinese Soviet military alliance. The entire story was later denied by Russian officials in Chungking. The most recent of these reports appeared on October 25, stating that arms and munitions had been flowing into Szechuan Province in large quantities from Chinese Turkistan in Russian truck trains. The same report added that the personnel of the Soviet trading agency at Chungking had recently increased its personnel. This was a report from Domei, Japanese news agency.

Responsible observers of the China situation do not deny that Russian aid to China has continued, but they doubt that it has increased. The attempt of the Japanese to build up the fiction that this aid is becoming formidable, is interpreted as an effort on Japan's part to pin the red tag to China and to keep from getting stuck with it herself. It is very likely a wedge with which Japan hopes to split American sympathy for China. It may also be a means of diverting attention at home from her own efforts to "improve relations" with Soviet Russia.

A report from Moscow's "Izvestia" on October 25, hinted at further negotiations between Soviet Russia and Japan. Some observers feel that Soviet Russia may be moving toward isolating Japan by the same tactics that she is isolating Germany.

HANGCHOW - The Changsha victory was followed by a Chinese attack on Hangchow, on October 16. Hangchow had been taken by the Japanese in December 1937. The attack showed that even the so-called "occupied areas" are by no means under Japanese control, and that Japan is still unable to call the tune.

SHANGHAI'S PUPPET - The Japanese efforts to build up the Chinese traitor, Wang Ching-wei, as puppet leader for a central puppet government, went astray this week. A serious street battle in the International Settlement in Shanghai between Wang's gangster guards and the settlement police caused such widespread anti-Wang sentiment, that the Japanese are reported to be looking around for another puppet leader to take his place. Even they have been forced to admit that Wang Ching-wei's following was next to nothing. The street fight, according to Hallett Abend, writing in the New York Times, "opening establishes Japanese connection with the lawless elements operating in the Western area" (of the International Settlement).

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TRANSPORTATION FOR COMMERCE. Free China is at present compelled to rely for commercial intercourse with the outside world chiefly upon her overland communications. The Chinese-controlled ports of the South China coast during the first half of this year still transacted about two-thirds of Free China's foreign trade, with overland routes accounting for the remainder. Now only Portuguese Macao and French Kwangchowwan remain on the South China coast not yet blocked or controlled by the Japanese, and both may easily be cut off from the hinterland by the Japanese. Now routes via French Indo-China and Burma provide foreign trade with the main access to Free China.

AMERICAN TRANSPORTATION EXPERTS IN CHINA. Three American transportation experts are in China as advisers to the Ministry of Communications to help solve transportation problems resulting from the Japanese blockade. Mr. Maurice E. Sheahan and his two assistants, Messrs. Andrew B. Bassi and C. W. Van Patter went to China from the Keeshin Freight Lines, Inc., of Chicago, of which concern Mr. Sheahan is vice-president-treasurer. Mr. Sheahan will spend several months in China and his assistants will stay for at least a year.

AMERICAN TRUCKS AND CHINESE WOOD OIL. A thousand American trucks have been put into service during the past month on the highways of China. These trucks will carry each month thousands of tons of wood oil to waiting ships for the American market. Returning to China, they will bear gasoline, machinery, medical supplies and other American products purchased with the U. S. \$25,000,000 credit of last December. The wood oil will be supplied over a period of five years.

TIENTSIN FLOOD. During September British, French and Japanese Concessions and the ex-German Concession were all completely under water, the depth of which varied from two feet in the higher parts to as much as eight or nine feet in the Japanese Concessions, the most low-lying part. 600,000 are said to be homeless. Huge losses have been inflicted on the Japanese. Millions of yen worth of goods have been damaged--as also large quantities of military stores--and hundreds of houses in the Japanese Concession will require rebuilding; many of the new factories have been so badly damaged that they are completely useless; thousands of small Japanese businessmen have lost all their capital. Above all, the purchasing power of over 2,000,000 probable customers has been completely wiped out. This year's cotton crop in South Hopci has been utterly ruined; but the tale of the raw cotton crop of North China was one of the baits held out to Japanese business interests by the military when setting out on their China adventure.

Japan's Efforts to Pacify China Prove Fruitless

BY A. T. STEELE.

SPECIAL CORRESPONDENCE
Of The Chicago Daily News Foreign Service.
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Peking.—The Japanese struggle to pacify the "conquered" half of China has been as noteworthy for its failures as for its successes. It is as true today as it was at the beginning that Japanese authority is limited strictly to the strips of territory within range of Japanese guns.

After capturing Canton and Hankow, nearly a year ago, the Japanese Army turned to the job of consolidating its position in the vast territory it had overrun. Despite repeated anti-guerrilla operations, the results have been far from impressive.

Today, the Japanese Army controls less than one third of the great area it claims to have brought under its jurisdiction since the war began. It is holding firmly, of course, the railways and the main population centers. The remaining two thirds or more of the "occupied" territory is dominated by guerrilla Chinese armies and mobile Chinese administrations.

Japs Greatly Outnumbered.

At least half of the 800,000 Japanese troops in China are tied up with garrisoning duties and anti-guerrilla warfare. Even behind their own lines, the Japanese troops are outnumbered by the Chinese. It was announced by a Chinese military spokesman at Chungking recently that about one third of the entire Chinese Army is engaged in mobile warfare in Japanese-occupied territory. This means that there are roughly 660,000 Chinese soldiers inside Japanese lines.

Undoubtedly, the Japanese strategists believed when they started out to conquer China that they would be able to delegate the burden of garrisoning many of the occupied towns to compliant Chinese militarists. Had these hopes been realized, the tasks of pacification and consolidation might have been simpler. But the Chinese militarists have proved distressingly unco-operative.

Those who were expected to desert to the Japanese side failed to do so. Even the renegades and the bandits who had always, in the past, responded to the bait of financial reward, showed little disposition to sell their services to the

Japanese Army. The Japanese war lords have discovered that the only troops they can depend upon are their own.

Villages in Chinese Hands.

So today a map of the Japanese-controlled regions of China is simply a crisscross of ribbons interspersed by a few circular blobs. The ribbons, ranging in width from five to 30 miles, are the railway zones and a few vital highways. The blobs are the important cities on and between these arteries of communication that the Japanese find it expedient to garrison with their own troops. All the intervening countryside, including thousands of small villages and hundreds of walled towns, is in Chinese hands. For the most part, the Chinese-administered areas are governed by officials who take their orders from the Chinese government at Chungking.

Chinese guerrilla armies have not accomplished all that had been expected of them. Foreign military experts, judging them from the orthodox military viewpoint, assert that the mobile units have not been sufficiently aggressive. While there are daily forays against Japanese lines of communication, it is pointed out that the attacks are neither numerous enough nor violent enough to seriously dislocate the movement of Japanese troops and supplies.

The notable exceptions to this rule have occurred in mountainous Shansi Province, where Japanese units have been obliged repeatedly to withdraw from occupied villages because of the cutting of their lines of supply.

Block Profit of Invaders.

To their critics, the Chinese reply that hampering Japanese communications is only one phase of their guerrilla operations. Vastly more important, they insist, is the work of preventing the Japanese from making a profit on their conquests. This can best be done, they claim, by settling down over all the territory not under physical Japanese occupation and preventing its utilization as a source of wealth and supply for the invaders.

How this is working out may be seen in north China, where the Japanese have so far been frus-

trated in their attempts to increase the output of raw cotton. Because of the activities of guerrillas, who are preventing the extensive planting of cotton in rural areas, the crop this season will be the smallest in years. The Japanese mills will be obliged either to restrict production of textiles or cut deeper into Japan's precious reserves of foreign exchange in order to purchase cotton abroad.

To get an idea of how guerrilla activity is undermining the provincial revenues in occupied China, look at the budget for the puppet government of Shantung Province. The estimated provincial revenues for this year are but a fifth of normal. Yet Shantung is more firmly under Japanese control than any other Chinese province.

Perhaps the most significant function of the guerrillas is the propaganda work they are doing. By fanning constantly the spirit of resistance among the people of the occupied territories they are offsetting Japanese efforts to convince the population that the war is over and that the victory is Japan's. Moreover, news of guerrilla activities filters ceaselessly into Japanese-garrisoned cities. The embellishment it goes through in transit probably does more good than harm to the guerrilla cause.

There are but two possible methods by which the Japanese Army could hope to bring the Chinese guerrillas under control within a reasonable period. One would be to import into China an army large enough to thickly freckle the countryside with Japanese garrisons. This is out of the question, for there are already indications that the Japanese Army has over-extended itself.

The second solution would be the creation of a Chinese army or police force loyal enough to the Japanese to be entrusted with garrison duties. This is the method the Japanese army hopes to adopt. But the time is not yet, for anti-Japanese feeling still runs strongly through the people. Few Chinese can be found who are willing to fight for the invader against their own people.

JAPAN ADAMANT IN PURPOSE TO DOMINATE CHINA

Willing to Placate U. S.
Short of Loosening
Economic Rule.

BY A. T. STEELE.

SPECIAL RADIO

To The Chicago Daily News Foreign Service.
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Tokyo, Oct. 10.—“If American naval activity in the Pacific is intended to influence Japanese policy in China, it is quite useless. Nothing that the United States does will deter us in our fundamental program on the continent,” Rear-Admiral Masao Kanazawa, spokesman for the Japanese Navy, told me this today. It represents the view of most army and navy leaders here.

Despite these glib words, there is no denying that the Japanese attitude toward America is deeply influenced by the new American firmness in the Pacific. Washington's junking of the 1911 trade treaty with Japan, and its naval entrenchment in Pacific waters both have helped to make Japanese officialdom more reasonable-minded than at any time since the outbreak of the Sino-Japanese conflict.

Change Only on Surface.

But Americans are mistaken if they believe that these gestures alone will bring more than a surface change in Japanese policy in China. I have spent a month sounding out opinions of representative Japanese officials. Among them all I have found a keen desire to regain American friendship, but not at any cost. None is willing to forego the “immutable objectives” of the China war as the price for American amity.

I have asked repeatedly how far the Japanese are willing to go to mollify United States opinion. Most agree that the Japanese are willing to go a long way to settle incidents

growing out of the hostilities. They will try to put an end to slappings of Americans, to curtail bombings of American missions, to restore properties seized from Americans, to consider claims for American property damage, and even to facilitate the transport of goods from interior points. But when such basic causes of friction are mentioned as export and import control, embargoes, monopolies, customs discrimination and virtual closing of the interior to non-Japanese commerce, these same officials begin hemming and hawing.

Firm on Chinese Domination.

Japan's determination to dominate China's economic existence is absolute. Nothing but defeat in war or bankruptcy will halt that. Japan is deeply worried about the possibility of an embargo of war materials from America, but so long as the embargo remains only a threat its effect will not be decisive.

The Japanese are pretty cocksure that the embargo will not be invoked except in dire emergency. They believe that such an eventuality can be averted by amelioration of the tension through a settlement of the surface issues. Indications are that the Japanese policy toward America is taking this line—give enough to keep the United States from invoking the embargo but not enough to alter the main current of Japanese policy in China.

Few Japanese believe that there is much chance of consummating a new American-Japanese trade treaty in the near future, but they are hopeful of negotiating a modus vivendi temporarily regulating relations and forestalling an embargo.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

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Map--Japan's Failure to Achieve Its Main Military Objectives During the Past 12 Months.

SENATOR PITTMAN MAKES STATEMENT

On November 6, Senator Pittman made an oral statement to the press regarding relations of the United States with Japan. The Washington Star (AP) reporting this statement said:

"A prediction that the 1940 Congress might follow up the administration's neutrality program, now in full operation, by authorizing economic pressure against Japan, was made today by legislative leaders.

"Chairman Pittman, Democrat of Nevada of the Senate Foreign Relations Committee, said that unless relations with Tokio improve before the Japanese-American Commercial treaty expires January 26, Congress undoubtedly would enact his resolution empowering the President to embargo 'any or all' exports to Japan.

'It is entirely fair that Japan should be warned of the ideas of January,' Senator Pittman said. 'Her entire attitude in China has been in total disregard of the rights of the United States and other countries.'

WHAT YOU CAN DO

Write to Senator Pittman supporting his statement. Also write to the State Department expressing strong support of the positions taken by Ambassador Grew in Tokio and Senator Pittman in Washington.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY
COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING,
SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

SUMMARY OF CHINA NEWS

November 7, 1939.

AMERICAN NEUTRALITY REVISION AND THE FAR EAST. Far Eastern commentators are pointing out that the revision of the neutrality act makes the placing of an embargo upon Japan even more important and more opportune than previously. Nathaniel Peffer, commenting in The New York Times on November 5, said, "Now even more than before last September Japan is dependent on America as a source of military supplies, and now American producers of raw materials are less dependent on the Japanese market. With the revised American Neutrality legislation and enlarged European demand for oil, scrap metals, copper and cotton, an embargo on exports to Japan could be levied with something nearer economic impunity."

T. A. Bisson, Far Eastern expert of the Foreign Policy Association, told the China Information Service this week that "the revision of the neutrality act is so clearly directed toward the situation in Europe, that it still leaves the way open for another legislative enactment in relation to the Far East," which enactment might take the form of an American embargo against sending war materials to Japan.

"It seems to me that there is no inconsistency in handling these two different situations by two separate enactments," he explained. "The problems of American policy in Europe and American policy in the Far East are entirely different problems. Treaties which we have signed concerning the Far East, notably the Nine Power Treaty which pledged signatories to respect China's territorial and administrative integrity, and to respect the equality of commercial opportunity for American nationals, have been definitely violated by Japan. It would be unreasonable that any legislation passed with the European situation definitely in mind, should make it impossible for us to deal with the violations of treaties in the Far East."

JAPAN'S DEPENDENCE ON THE UNITED STATES. That Japan has become increasingly dependent, during the last two months, on the United States economically and financially is born out by two facts published during the last two weeks. On October 26 a Tokyo dispatch announced that the Japanese yen had been linked to the American dollar rather than to the pound sterling. On October 27, a report from the United States Department of Commerce showed that nearly half of the total gold imported in the week ending October 20 came from Japan. Continued statements from Tokyo that Japan wishes to adjust the complaints of American nationals in China show Japan's own recognition of her dependence upon America. Even indemnities for damage done to American interests were urged on November 6 by two former Japanese Foreign Ministers. Ambassador Grew's conversation with Foreign Minister Nomura was reported from Tokyo to contain threats of economic sanctions. Though this was later denied by the U.S. State Department, it seemed to show a fear on the part of Japanese news sources of an embargo.

CHINA'S STRONGER DEFENSE. Clearer reports of what the Changsha victory means in the turn of events in China have come through in the last two weeks. F. Tillman Durdin reporting in The New York Times, after a ten day trip into the Changsha area, tells of the development of Chinese strategy which was shown in the Changsha victory. Chinese troops destroyed the roads, evacuated the people, and took out the food from the areas where they expected the Japanese to operate. By this means, they made the Japanese modern equipment useless, and forced the Japanese into a hand to hand struggle. It was proof, Durdin states, "that the Chinese regulars had developed a technique of defense and could balk further Japanese advances into the interior of China."

Guerilla operations, too, near Canton, Hanchow, and Shanghai have continued to harass the Japanese troops. That Japan is unsure of herself in the so-called "occupied" areas was shown when she resorted, last week, to placing loud speakers on one side of a mile wide river near Hangchow through which she attempted to preach her "peace" propaganda to the Chinese guerillas stationed on the other side. Word of further Chinese strength in the areas where Japan has military control was brought into Chungking last week by Michael Lindsay, economic professor at Yenching, who after a three months trip through the northeast areas reported that democratic institutions under Chinese control, such as village and district councils, were now soundly established in Shansi, Hopoh, and Chahar border regions, all of which are provinces claimed by the Japanese military.

JAPAN'S CONFUSION. While the Japanese press still calls the war in the Far East the "China incident," the head of Japan's Institute of Pacific Program came out last week with the amazing statement, repeated later by Premier Abe as his own, that the Americans did not seem to realize the fact that a war is going on in "this part of the world." Much talk comes out of Shanghai about a "peace" and a puppet regime headed by Wang Ching-wei, although Japanese have admitted that Wang has little following among the Chinese. Stories are sent out on the Domei wires about the "sovietizing" of northwest provinces by the Chinese communist troops, while Japan exchanges fishing smacks with Soviet Russia and talks of pending negotiations with Soviet officials over the Mongolian-Manchurian border. And meanwhile, Japanese savants in Tokyo spend their time trying to prove the superiority of the Japanese brain by weights and measures.

MADAME CHIANG KAI-SHEK URGES
RETURN TO TENETS OF RELIGION

Extracts from the speech by Madame Chiang Kai-shek, wife of the Chinese Generalissimo, as read at the New York Herald Tribune Forum on Current Problems October 26th by Mrs. Theodore Roosevelt, follows:

. . . For two and a quarter years now the Japanese have been venting their criminal ferocity on us. This time we depended on no one. Weak though we were to meet the formidable might of Japan, we struck back. We are still fighting and we shall continue to fight, although our trust in Western civilization was rudely shocked by what looked like complete abandonment by the democracies of the treaties they had signed to guarantee human decency and to safeguard China's sovereignty and her national integrity.

Could we, left alone as we were, be blamed for feeling that while the aggressor nations had openly challenged civilization, the democracies were quite indifferent as to its fate? What conclusion do you think we could draw from the knowledge that the great United States was supplying Japan with all the gasoline, oil and materials she needed to enable her to continue to send her airplanes and her mechanized forces about our land to blast the lives out of our people and to raze our homes to the earth?

U. S. GAVE RAY OF HOPE

Yet, incongruously, it was from the government of the United States that the first ray of hope and encouragement ultimately came to us that the aggressor might be called to account. For that hope and that sign we were deeply grateful. The recent abrogation by the United States of its commercial treaty with Japan was the first open step taken by any democracy, since aggression began, in condemnation of Japan's treachery and inhumanities. The people of China now hope that America's denunciation of criminal aggression and her avowed proscription of force as an instrument of national and international policy will not be allowed to cease there. Nor has it, if the forthright warning conveyed recently to Japanese leaders in Tokio by American Ambassador Joseph C. Grew is to be regarded as a criterion. . . .

ASKS DIRECT ACTION

Our stricken people can now only hope that the United States will fortify that statement of her intolerance of Japan's continued flaunting of international rights by expressing with all the solemn weight that is warranted, her definite refusal to be a party any longer to Japanese inhuman destruction of Chinese life and property. The United States can do that by withdrawing from Japan the facilities hitherto granted her to obtain from American sources the means she has so long used with ruthless barbarity to effect that destruction. We feel we are justified in that plea--because for America to do otherwise should be tantamount to her admission that civilization had foundered and that the gods expediency and mammon had been set up in the temples of men's minds and hearts to replace the real God in which America always has declared she places her trust. . . .

DOOR CLOSSES ON RELIGION

The word of men as embodied in international documents appears to be fast becoming without bond, without standing, without worth. If civilization is now to be saved we must recover that unselfish devotion and fervor which characterized the medieval crusaders. We must regain power and stand unflinchingly for those high

principles upon which democracy was originally formed so that the liberty of men and the sanctity of human rights shall not disappear from the earth. Without religion no state can long endure. That now should be clear enough. If religious principles governed all treaty makers there would be no treaty breakers. If religious feeling beat in the hearts of would-be destroyers there would be no destruction.

CHINESE FIRST VICTIMS

If religious thoughts entered the minds of those who profit from the sales of munitions to international lawbreakers for subjugation of victims by aggression, there would be no aggression and there would be no victims. We Chinese women and people are, however, victims--the original ones, in fact--of the resurrection of barbarism that has practically supplanted international treaties and codes and stained with shame this advanced period in our so-called civilization.

Unless a radical change comes over the hearts and the minds of men, some of us, at least, will live to see civilization perish by the very means used so long and so ruthlessly to destroy China. There is only one thing that can prevent such a disaster to humanity--it is religion, whose partial eclipse I lament. When national consciousness and individual consciousness are developed through a belief in religion, when religion is accepted as the central pivot and motivating force of life and conduct, then the doom of civilization may be averted, but not until then.

REFLECTIONS ON THE RISE AND FALL OF THE ROMAN EMPIRE

An English translation of a brief periodical article by a Japanese Christian Pastor. (Madame Chiang has presented her point of view on the place of religion in the state. The following comments from a Japanese source are interesting in this connection)

Some people think the Japanese resemble the Hebrews and others say the Greeks, but I think we resemble the Romans, particularly in respect for military valor and strong love of country. The Romans were not strong in religious culture. They had not faith in a creator or any sort of a savior. It seems that they considered religion and the like as a way for the weak to serve.

What effect did this non-religious characteristic produce? As Rome as able to increase her power she became arrogant and used to seeing cruel amusements. I think this can truly be attributed to the lack of a religious heart. For political reasons they protected the goods of foreigners. Nearly all the religions of the world were gathered in Rome but the Romans paid no attention to them. When they saw among these religions one with some power that could not be disdained, they suppressed it. When Christianity began to flourish they forced emperor worship and imputed all sorts of crime to Christianity. By forcing emperor worship they showed that they had no deep religious understanding or knowledge.

Without doubt there was in them truly noble love of country and respect for their ancestors, but this was not able to save them from corruption. The persecution of Christianity caused much trouble and brought about the rapid decline of the country. Evidently persecution was not intended, for Christianity had been given a degree of protection. Why, then, was it persecuted more than in the history of any other country? From the very beginning the Christians were careful to avoid collision. They may have failed at times but the responsibility was certainly with the Roman officials and people. They did not understand the true meaning of religion. They thought they could get along without it. They suppressed and persecuted the pulpit. Thus the hearts of the people were divided and when unity was required it was impossible. Thus Rome, "The Eternal City," was handed over to the barbarians, and the powerless Christians took it over and built a new country. The relation between religion and the state is very delicate. If political and religious people do not understand this and manage things wilfully they will leave misfortune for a thousand years. We feel that there are many points to be learned from the rise and fall of Rome.

CHINA "INCIDENT" NOW TERMED "ACCIDENT"

Very interesting note is the change of tone in the latest issue we have received of the Japan Times Weekly (an illustrated magazine printed in English by the Tokyo Times and Mail, a big Japanese daily). The impact of the Nazi-Communist tieup has sadly shaken Japanese admiration for Germany. Whereas in previous issues, nothing was too harsh to say about France and Great Britain, with occasional snippy remarks aimed at the United States, the Japan Times Weekly now takes a critical view of the conduct of the war in China.

"There is a general impression that the China affair is now in its concluding phase. None dares to speak of it openly, but none the less the idea is prevalent.

"The people are told that they should expect that the China campaign will last for an indefinite length of time, but they know that the fight cannot go on forever. They survey the general situation and tell themselves that it is going to end before long.

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"This attitude may be wrong, but not unnatural because they have no idea of the goal their country is aiming at in China. They are left in the dark because there seems no national policy to guide their thought. The whole China affair was called an incident, but it would have been truer to say it began as an accident.

"The late Hiranuma Cabinet used to hold frequent meetings for some unknown reason. It is said that five leading Ministers of the Cabinet met on more than seventy occasions to frame 'the national policy with regard to Europe.' People knew nothing about what was on the tapis. Perhaps it was just as well so, for nothing came of these ministerial meetings. Only it was made known that these Ministers were given quite a shock by the conclusion of the non-aggression pact between Germany and Soviet Russia. The shock was so heavy that they could no longer stay on their feet."

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This would seem to be a plain indication that the Japanese are sick and tired of the war in China; that the steady drain upon their national economy is becoming intolerable. The Japan Times Weekly continues:

"Little more is known about the 'construction of a new order in China.' The expression has already become trite, but there is no idea of what sort of construction there is going to be. Hundreds of 'pacification' men and women, Chinese and Japanese, followed in the wake of the advancing Japanese arms and distributed rice and confectionery for the relief of Chinese in the war-ridden areas. If their work was meant as a first move toward construction, it was hardly successful. It had the only result of heavily drawing on the stocks of rice in this country, its price being much higher.

"It has often been said that our Government will always adopt an 'independent diplomatic policy.' It sounds as if the Government did not conduct its diplomacy along independent lines at some time or another in the past. People have nothing to pass judgment on the diplomatic policy of the Government except what has been translated in terms of hostilities in China. What is not demonstrated in those terms is withheld from the public. People are supposed to expect that their statesmen are working with independent minds with regard to China, the Soviet Union, Britain, the United States, as well as all others.

"If there is any national policy about the proposed peaceful construction in China, the people have seen nothing of it. At least there has been no achievement to bear testimony to such policy. And yet the people are supposed to stand behind what their Government is doing in China.

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In the concluding paragraph of its leading editorial, the Japan Times Weekly prints this curious statement: "It may be shown that Chinese are better able to take care of their own affairs than the Japanese." This seems all the more strange in view of the fact that in the same issue of the publication there is an open letter addressed to the new Premier from Masanori Ito (described as a widely known expert on international affairs and a member of the board of directors of the Japan Times and Mail) which contains this statement:

"A request I should like to make of your Excellency is to guard against extremes. I have just returned from a tour of China and Manchuria and the impressions of these countries I wish to set forth in my book: 'North China--A Hundred Years Hence.' Unless we are prepared to fight that long I don't think we can bring the issue to a successful consummation."

Reprint with permission from The Evening Sun, Baltimore, Md, Oct. 30, 1939.

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MISSIONARY VISITS CHINA AND FORMER STATION

Of the two weeks I spent in China, only three days were spent at Cheeloo University in Tsinan. The rest of the time was spent in travel, or in waiting for military passes. Neither was it possible for me to go to Tientsin where my younger brother has been sharing in the afflictions of a Japanese anti-British blockade since complicated by a terrible flood.

Around both Shanghai and Hongkong there were more evidences of Chinese resistance than in Shantung Province, of which Tsinan is the capital. In the latter region I found a general acceptance of the Japanese occupation of the two railroads and of the two large cities. An American fellow-traveller on the railroad proved to be a very stimulating companion. He regarded the Japanese invasion as an expression of the historical process of conquest by the strong and aggressive. Any appeal to right or wrong he labelled as "wishful thinking" a fit occupation for no one but missionaries.

As I listened to various comments here and there on the progress of the Japanese conquest, I could not help but feel missionaries were not the only ones given to romancing. It seemed to be quite a feat that a train a day was running regularly on both railroads, but before the war there had been four or more express trains each day with excellent service. Now the track is protected by blockhouses and watch-towers which cover nearly every mile. These are supplemented by huts erected by peasants who have been made responsible for the safety of the railroad near their homes. The many ruined villages with their pitiful empty walls of mud bricks were mute testimony to the vengeance by Japan which falls on anyone unlucky enough to be in the vicinity of a guerilla raid. The countryside was plastered with slogans extolling the "New Order in Asia". One stands out in memory with symbolic meaning. Painted in bold characters on the sole remaining wall of a devastated village it proclaimed that "China and Japan are one family".

At Cheeloo University the staff which had not moved to the interior were carrying on valiantly. My arrival coincided with a series of arbitrary arrests of university employees. The anti-British agitation was putting heavy pressure directly

upon our British colleagues. Yet the hospital was kept open, the research in agricultural sanitation was showing significant results, the farm had several improved strains of seeds ready for distribution, and plans were being made for a series of special short courses in the autumn. A delegation from Lungshan where the Rural Institute had maintained a Village Service Center told of a great growth in church membership in spiritual vigor. The local Christians have engaged a pastor and have purchased the property where the Service Center had been renting quarters.

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MISSIONARIES AND GUERILLAS IN OCCUPIED CHINA

The enemy are everywhere and they are doing all in their power to torment and drive out missionaries and western business people. Everything that can embarrass us or make it hard and expensive for us to stay in this country is being done. And they wonder why we do not give up and leave. I am saying that in the end they will find that the cords of love and sympathy which hold us here are stronger than those holding them. Awful tales come to us every day but they do not get into the papers because there is no English speaking reporter to tell the public of what is really happening.

The guerilla warfare is on all the time. These guerillas hate the traitors who help the invaders in their business of taking over the positions in business, using the Chinese as puppets. Several of these puppets have been killed recently and the Japanese do their best to capture the murderer. One was killed not long ago and the brave killer was caught and imprisoned. We have been told that he was tortured beyond words. One victim of guerilla warfare in this city was a man high in the public government and they have not been able to catch the killer. In trying to get him they have closed the city gates to men entirely and have searched houses in all parts of the city. Some of the Japanese even spent the night in ordinary peoples houses hoping in that way to get clues as to how the guerilla managed to get around.

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CHINA MISCELLANEA

NEW USES FOR OLD MATERIALS: Near Chungking are several small factories where old engines from damaged trucks have been renovated to generate power for their machines. In Paochi in Shensi an old locomotive engine has been changed into a motor and now turns the wheels of a fair-sized industrial plant. In both cases vegetable oil is used instead of imported gasoline. Old rubber tires are now being used on handcarts to increase their speed. Free China has many fleets of these carts transporting bulky cargo over long distances.

FREE AREAS IN CHEKIANG. Parts of coastal Chekiang as well as the capital, Hangchow, are under Japanese control. However in free Chekiang, factory development, public health measures, war orphan relief keep pace with similar activities in other parts of Free China. One hundred small factories and seven large industrial plants have been established in two years. Three model industrial districts have been opened by the government in the south and southwestern parts of the province. A number of factories have been withdrawn from coastal Chekiang to the western and southwestern parts of the province. Health work keeps pace with industrial. One provincial hospital, ten district hospitals and one maternity hospital have been established, as well as a large number of clinics in the cities of the area. For the benefit of students who are financially unable to travel further inland, three other temporary middle schools have been opened. Itinerant schools are being popularized and go far into the country districts, giving elementary education to young children and illiterate adults.

CIC CENTER CLOSE TO JAPANESE OCCUPIED AREAS. The Chinese Industrial Cooperatives has established a new center, close to the Japanese-occupied areas, on the Chekiang-Kiangsi border. To date cooperatives there are making dry cells, silk thread, lacquerware, and polishing rice. Among those scheduled to begin work soon are a printing shop, several iron-works and machine-repairing units. This work will be difficult because there are no machine works which can build small sets of productive machines for the cooperatives. The organization of a large number of units capable of making daily necessities is considered imperative in view of the large amount of Japanese goods that has been filtering through the Chinese lines. The principal items have been cloth, soap, cigarettes, sugar and glassware. In most cases these goods are disguised under Chinese names.

RURAL RECONSTRUCTION IN FREE CHINA. The famous experiments in Teingsien (Hopei), in Tsouping (Shantung), and in Wusih (Kiangsu), are no more, but a number of new units have been started in Free China. In Szechuan, at least nine different organizations are active. Heading the list is Szechuan Provincial College of Education. It has joined with the North China Council for Rural Reconstruction in asking the Rockefeller Foundation for financial aid to open a special research department. The North China Council for Rural Reconstruction is now located in Kweichow, one of China's southwestern provinces. Headed by Franklin Ho, former professor of economics in Nankai University and now director of the Agricultural Credit Administration, the council has turned the country of Tingfan near Kweiyang into a big laboratory. Great China University, in Kweichow, is also active in this work. The Kiangsu Provincial College of Education, which used to have Wusih as its locale is now in Kwangsi, devoting itself exclusively to rural reconstruction. In Chungking, the College of Rural Reconstruction headed by James Yen is now giving advanced training to 20 college graduates. When it is ready to take in its first class of undergraduates, the college will have departments in local administration, rural education, agricultural economy, public health and agricultural promotion. All agencies at work are agreed on a common purpose, to help solve China's rural problems as a sure way of solving the national problem as a whole.

SOCIAL EDUCATION IN SHENSI. Shensi Province has, since the outbreak of hostilities, given much attention to social education. Free schools for children, supplementary education for the uneducated grown-ups, Sun Yat-sen schools for a special area in northern Shensi, audio-visual education for the populace, circuit dramatic and singing troupes, and people's educational institutes for the common people, are all maintained by the provincial education bureau.

MEDICAL COLLEGES. Five medical colleges have been moved to Yunnan, Medical College of the National Tungchi University, the Medical Department of National Yunnan University, the Medical College of the National Sun Yat-sen University, the Chungtseng Medical College and the Shanghai Medical College. Other medical institutions which moved to West China are located in Chengtu, the Medical College of the National Central University and the Cheloo Medical College of Shantung. In Kweiyang are the Hsiangyah or the "Yale in China" Medical College of Changsha, the Kweiyang Medical College and the Central Hospital of Nanking. In Hanchung is the Medical College of the Northwest University and in Chungking the Kiangsu Provincial Medical College.

ANNOUNCEMENT

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BIBLIOGRAPHY. The Bibliography by Dr. Lin Lin has been omitted from the last two issues of C.I.S. because of lack of space. These bibliographies are prepared regularly together with summaries of the articles. Please write to C.I.S. if you would like to receive any or all of this material. If you think it should be continued as a regular part of C.I.S. let us know.

U. S. Has Balance of Power In Japs' Struggle in China; Must Set Policy by Jan. 26

Chicago News 10/28

BY CARROLL BINDER.
(Foreign Editor of The Daily News.)

Preoccupation with the war in Europe has prevented most Americans from realizing the important fact that the United States now holds the balance of power in the struggle between Japan and the Occident and that significant decisions may soon be made in that sphere.

The United States must decide soon what course it will adopt toward the Japanese attempt to subjugate China and destroy the commercial and political rights of Occidentals in that vast and normally fruitful territory, for on Jan. 26 the six-months notice of intention to terminate the commercial treaty with Japan expires.

That the Japanese are concerned by the hints of retaliatory measures in the form of commercial embargoes contained in the recent speech of United States Ambassador Joseph Grew is evident from recent official and unofficial Japanese expressions and from certain trial balloons put up by the Japanese and their friends.

Want to End Chinese War.

The Japanese are desperately anxious to bring their war in China to a conclusion. The struggle is costing Japan far more than it can afford, and the rewards in hand or in sight do not compensate for the costs incurred or in prospect.

Moreover Japan is anxious to capitalize on the present European conflict as it capitalized on the World War and on subsequent European crises but cannot take the maximum advantage of its position while the war in China continues.

Unfortunately for Japan's purposes, the Chinese persist in fighting. There are no indications that the Chiang-Kai-shek government will yield to either Japanese military pressure or Japanese diplomacy. On the contrary, the Chinese have shown greater military effectiveness in recent weeks. The Japanese-sponsored plan for a central government headed by the renegade Chinese leader, Wang Ching-wei, at Nanking is not meeting with the hoped-for response.

Faced with such a situation, an

Occidental government would be tempted to negotiate a compromise with the Chiang Kai-shek government that would leave it free to try its luck in other spheres, but there are no signs that Japan is yet in a mood for such a compromise. The influential section of the Japanese Army that committed the nation to the Chinese adventure succeeded in identifying the Emperor with its program. To make such a compromise would be to cause loss of face for the Emperor—a prospect no Japanese can contemplate.

Besides Japan cannot bear the thought of abandoning its aims in China. It regards as immutable items of Japanese policy the expulsion of foreign interests from that vast area and the perpetuation of Japanese military, political and economic control.

The trade monopoly and tariff discriminations, import and export restrictions against which the United States and other countries with treaty rights in China protest so vigorously are cherished Japanese principles that the present masters of Japan show no willingness to relinquish or even modify.

So the struggle continues. Meantime Japan is intensifying its efforts to deprive China of aid from abroad in the hope of thus breaking Chinese resistance. Japanese diplomacy apparently has succeeded in cutting off virtually all French aid. The French air mission to China has been withdrawn, and shipments of munitions to China via French Indo-China have been halted by the French authorities.

Great Britain is so anxious not to offend Japan and thus risk bringing Japan into the war on the side of Germany that it has modified its support of China in many respects. Britain offers little perceptible resistance to Japanese invasions of British rights in China, and there are indications that the British would be willing to come to terms with Japan at the expense of China if American public opinion would not thereby be prejudiced against Britain.

Thus the American attitude toward the struggle in China is of paramount importance. The present

civil government in Tokyo was set up with a view to establishing friendlier relations with the United States after Japan was betrayed by its axis partner, Germany, in the form of the German pact with Russia.

See Better U. S. Relations.

Although the official spokesman of the Japanese Foreign Office loudly asserts that the American people are hopelessly prejudiced against Japan and the Japanese press is full of dire warnings of awful things to come if the American people do not manifest a better understanding of Japan's position, it is clear that Premier Abe's government is seeking to improve relations with the United States.

The Washington correspondent of The Daily News last Monday reported a suggestion that an understanding might be reached between the two countries on the basis of withdrawal of Japanese troops from South China and revival of an open-door policy in that area in exchange for American diplomatic recognition of the Japanese conquest of Manchukuo and of Japan's special influence in the Peiping-Tientsin area.

There are indications that such a settlement would be welcomed in official British quarters, as it would pave the way for a British-Japanese deal at the expense of China. It might possibly be welcomed by the civilian authorities in Japan and certainly would be welcomed by the business interests of Japan.

But those most familiar with Japanese Army leaders in China, whose policy usually is independent of the Tokyo civil government, doubt that they would live up to such an agreement for any prolonged period if they could be induced to accept it in the first place. It would represent a severe diplomatic defeat for the United States.

Japanese Foreign Minister Nomura yesterday warned the Japanese cabinet that there is little prospect of a new Japanese-American commercial pact at this time.

Whether American reprisals against Japan for continuance of the present antiforeign policies in China will go farther than scrap-

ping of the commercial pact cannot be determined at the moment. The American policy is likely to be influenced by the course of events in Europe as well as by developments in the Far East. The administration and Congress probably will hesitate to take any measures that are likely to make more difficult the situation of the Allies.

Don't Want to Hurt China.

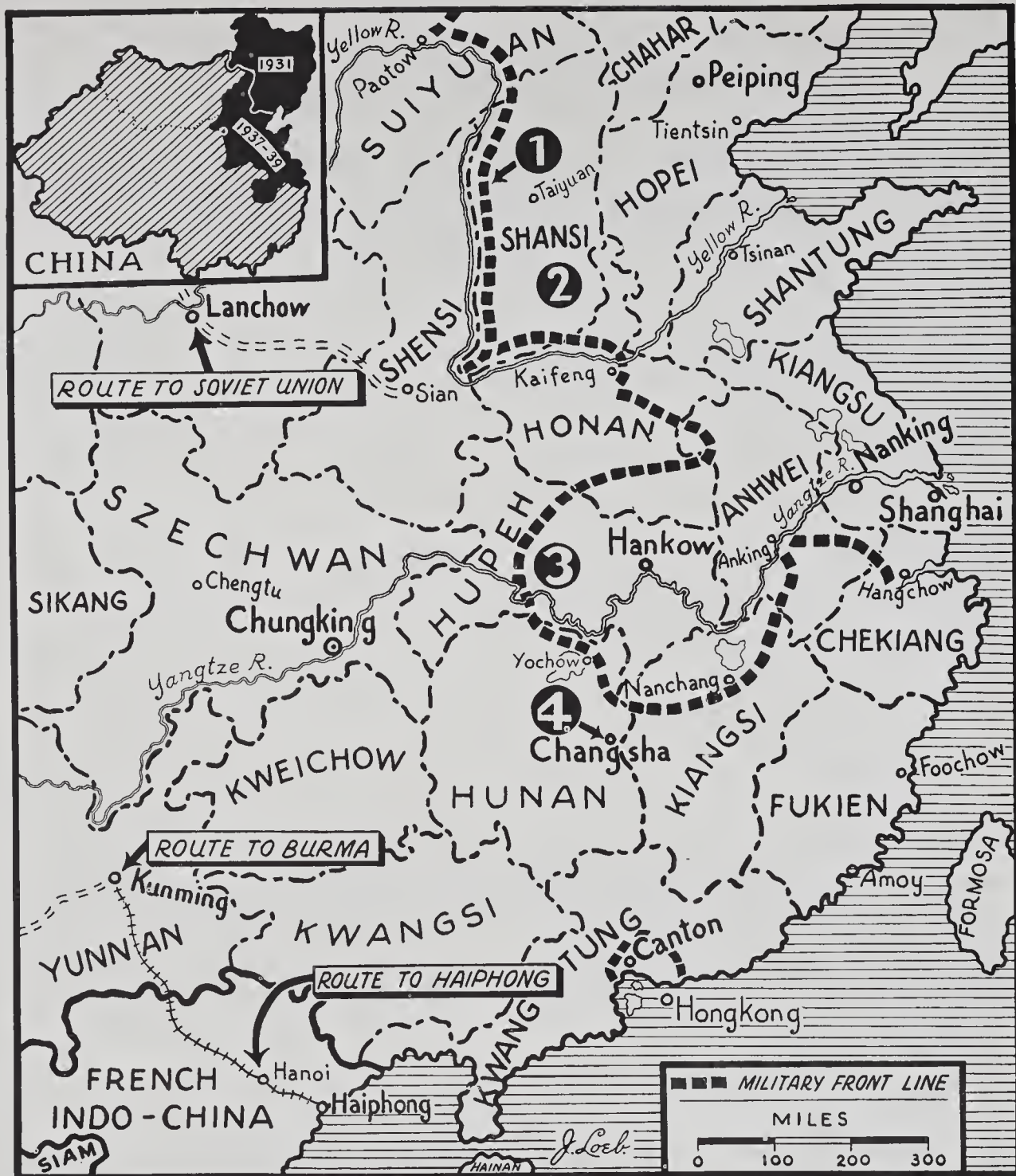
At the same time it is unlikely that the United States will take steps patently injurious to the government of China or helpful to Japanese military rule in China.

Meantime Japanese propaganda makes much of the aid extended China by Russia in the hope of thus prejudicing American and British opinion against China. American correspondents in China report that Russia is still aiding China and suggest that the recent Chinese bombing expeditions against Japanese-held Chinese cities were made with Russian planes and possibly by Russian aviators, but it is believed that the Japanese propaganda greatly exaggerates the extent of Russian help. Nor is there convincing evidence that the Russians recently have extended their political influence in the Far East along the lines successfully employed in the Baltic.

Despite obvious Japanese resentment against Germany for what Japan regards as a betrayal of the anti-Comintern alliance in the form of the German-Russian pact, German Foreign Minister Von Ribbentrop claimed Japan as an ally this week in an important speech on German foreign policy.

Won't Aid Nazis Now.

If Germany appears to be winning the war and if entry in the war on Germany's side seems likely to bring Japan such tempting morsels as the great British naval base at Singapore and the commercial center of Hong Kong, Japan quite likely will forget its resentment and take appropriate action. But for the moment Ribbentrop's claim is a hollow one.



JAPAN'S FAILURE TO ACHIEVE ITS MAIN MILITARY OBJECTIVES DURING THE PAST 12 MONTHS

1. Frequent attempts to cross Yellow River into Shensi Province.
2. Successive drives into southwestern Shansi Province have taken place. The objective Sian, which is the terminus of supplies reaching China overland from the U.S.S.R.
3. The Japanese offensive west of Hankow ended in a crushing defeat last May. 100,000 Japanese troops retreated 200 miles with a casualty of 25,000 men. The Japanese objective was to sever connections between Chungking and the northwest.
4. Five months ago, a Japanese major drive was made south of the Yangtze River, centering around Yochow and Nanchang. The objective was to reach Changsha, capital of Hunan Province. This unsuccessful drive was recently repeated on a much larger scale, and its failure was the biggest Chinese victory attained in the war.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

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NEW CHINA, by Frank W. Price, is sent to all readers. Let us know what you think of these letters. Do you want them every two weeks? Send your contribution--\$1.00 a quarter or \$4.00 a year. We need your support.

SUMMARY OF CHINA NEWS

JAPANESE AT PAKHOI. Japanese landed troops near Pakhoi on November 15, a move which some interpreted as an effort by Japan to block one of China's main supply arteries. Pakhoi, one of China's southernmost ports, is due south of a rail and motor road which leads from French Indo-China into Kwangsi province, and which has been an important source of supply for the Chinese troops in the Changsha area. Another interpretation is that Japan had to placate her people at home after her defeat at Changsha with news of military action.

Though the Japanese have already claimed entrance into Kwangsi province, a report from Chungking on November 18 stated that the Japanese are still ten miles from the Kwangsi border. Observers here, who know the terrain in the section north of Pakhoi, say that Japanese advance will necessarily be extremely slow, because of the mountainous aspect of the country. They also state that the Kwangsi populace is one of the best organized in all China, and that China's chances of keeping the Japanese from reaching the supply roads are excellent. There are, according to F. Tillman Durdin, reporting in the New York Times, strong Chinese defense positions inland.

BRITISH AND FRENCH WITHDRAWAL. The events at Pakhoi followed closely upon the heels of the announcement that Britain and France were withdrawing the major portion of their troops from North China. Though the number of troops maintained for the protection of their own nationals in North China ever since 1900 by Britain and France has been so small as to mean nothing in a military sense, the withdrawal of these troops was taken by some to be a gesture of amity toward Japan. It also was thought to have been one reason why Japan felt free to turn her attention to Pakhoi in the South.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL. FORMERLY COMMUNITY CHURCH, SHANGHAI. PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING, SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

The Japanese army command, however, apparently looked upon the withdrawal of the British troops as a sign of British weakness, and immediately tightened its blockade upon the foreign concession at Tientsin. New anti-British posters appeared and insults to British citizens were revived.

UNITED STATES REAFFIRMS POSITION. Meanwhile, Sumner Welles, Acting Secretary of State, in a press interview in Washington, reaffirmed the United States' position in regard to the conflict in China. He reminded his interviewers of the three notes sent by the United States to the Japanese Foreign Office. One was the note of April 29, 1934, one the note of October 6, 1938, and the third was the note of December 31, 1938. This last communication stated that international arrangements could be altered only by orderly processes of negotiation and agreement among the interested parties. The other notes had also reminded Japan of treaties signed with the United States and China, and had insisted upon the observance of American rights in China.

Generalissimo Chiang Kai-shek, speaking in Chungking on November 13, stated his faith in the United States. "As long as Japan is bent upon murdering the Nine-Power Treaty and the Open Door principle," he said, "the American Government and people will not be deceived by sugar-coated words."

BIRTHDAY OF DR. SUN YAT-SEN. Celebration of the birthday of Dr. Sun Yat-sen, founder of China's Republic, on November 12 was marked by a speech by Mme Chiang Kai-shek, in which she pointed out the essential weaknesses in Wang Ching-wei, now being groomed by Japan to be a central puppet leader. Mme Chiang called him the "greatest traitor to the Chinese national revolution." At the same time, Wang Ching-wei made strange use of the birthday of China's great patriot as a springboard for an argument in favor of a Japanese puppet regime.

JAPANESE FEARS. Fear of American embargo upon Japan is shown almost daily in the Tokyo dispatches. A five column advertisement placed in a Japanese newspaper by a Japanese citizen claimed that the United States was "a pampered millionaire who dabbles in charity without having known suffering." A new organization under the name "Institute of the Pacific," has sprung up, ostensibly for research, which has been advocating Japanese occupation of Netherlands possessions in the South Seas, in order to obtain oil and other wealth which would make the "new order in East Asia" self-sufficient. The public in Japan is being warned against expecting an early settlement in China. One paper in Tokyo urged that the United States recognize a state of war in China, apparently with the revision of the American neutrality act in mind, which of course, would work in Japan's favor. The Japanese army organ in Shanghai wants Japan to "destroy the two devils-- The United States and Russia."

Through another Japanese mouthpiece the statement is made that Japan can fight with United States' supplies. But in the same article the statement is made that "America's sole strength lies in its ability to provide war materials." Judging by the press dispatches, this continues to be a period of confusion for Japan.

CHIANG TAKES NEW POST. Generalissimo Chiang Kai-shek, undisputedly China's war time leader, was elected president of the Executive Yuan according to a United Press dispatch dated November 20. He succeeds Dr. H. H. Kung, who became vice president of the Yuan. Dr. Kung is also Minister of Finance. Chiang Kai-shek remains commander-in-chief of the armies. The dispatch suggested that the strengthening of Chiang's leadership by the addition of this new office, which is equivalent to that of Premier, was Chungking's answer to Japan's intention to establish a central puppet regime.

GEORGE FITCH, CHINA CORRESPONDENT, REPORTS

Nine months in west, or "free," china, and in many respects it has been the best nine months of my life. You have already heard through Mrs. Fitch of some of my experiences and observations on my journey through the Southwest, and possibly you have noticed occasional references in the press to my having had a fairly close call (it wasn't nearly as bad as the despatch made it out to be) during the air raid on Chengtu June 11; to my extraordinary good fortune in coming on the cavalcade conveying the remains of Genghis Khan from the Ordos in Mongolia to their new resting place near Lanchow in the far Northwest, and then a month later happening in on the Kumbum Lamasery in Koko-Nor (formerly northeastern Tibet) at the very moment the new Dalai Lama, a lad of but five who is to be the temporal head of all Buddhism, was starting on his long trek to Lhasa; to my comments on the work of the Y.M.C.A. with the soldiers and also here in the capital, and perhaps another reference or two.

I would like to tell of this and of my other trips, including one to Omei Shan, the sacred mountain in the southwestern part of this province of Szechuan, and glimpsing Minya Gonka, second highest mountain in the world, but it is manifestly impossible to cover these various wanderings of mine in a letter.

What have all these travels to do with the Y.M.C.A.? Well, the first, which was down through the world-famed Yangtsze Gorges to Ichang and back, was to visit our various units serving the soldiers along that route,--the thousands of wounded in base hospitals and convalescent camps and the tens of thousands more who keep streaming through this great artery from the west to the various fronts. The trip to the Northwest, made in company with S. C. Leung, our National General Secretary, Kiang Wen Han, National Student Secretary, and Peter Shih, my former colleague in Nanking, was likewise to see our work with the soldiers, but primarily to assist in the establishment of a new city Association in Lanchow, capital of the province of Kansu, in response to urgent invitations from Christian leaders in that city. When I tell you that it took me nearly a month just to get to Lanchow from here you can realize that it is not only distant but also not easy of access. Actually only seven days of travel were involved, by truck, motor-bus and airplane; the rest of the time was mostly just waiting for connections and delays along the road.

It was on that journey that I made the side trip from Sian to Yen-an, three days each way by truck. The last day of the trip up was, I think, the hardest day of travel I have ever had--fifteen hours on top of the driver's cab, clinging for dear life to some ropes, while the truck plunged and rocked and bumped over the world's worst road, and dodging tree branches and crossing telegraph wires which constantly threatened to decapitate me; at night sleeping on a brick k'ang. The five nights I was in Yen-an I slept in a cave, but that was comparative luxury. We wanted to look into the student situation there--there are 17,000 students in K'ang Ta University,--and while we were most cordially received by such leaders as Mao Tze-tung, Chou En-lai and others, and invited to open work there, for the time being it does not seem practicable to go into that field. But what an opportunity is there!

Kumbum was just a holiday trip, taken from Lanchow,--a two-day trip each way in a private car which Gen. P. H. Whang, chief of the Aeronautical Dept. of the Northwest and an old Nanking friend, insisted on my taking. Did I say that the road to Yen-an was the world's worst? The road to Sining, the capital of that vast province of Chinghai, and on to Kumbum was still worse! We were out of the car every few minutes to help it over ridges and ruts and give it a push up impossible grades, and once I thought we had surely lost it when it stuck in a river we had to ford. For nearly two hours I worked with all the countrymen we could muster in swift water up

to my chest while loess-laden stream swept through the car and drenched bedding and everything. Some fiery paika'r (native spirits) and hot tea fortunately drove off the chill which shook me for some time after I lay wrapped in quilts in a hostel for Russian truck drivers.

Mount Omei was another holiday. We took the plane to Kiating and arrived there forty-five hours after the first bombing of that peaceful, historic city. No defences, not a "military objective" there,--just wanton murder and destruction. The entire business section had been completely wiped out, one-half of the city. And that is only typical of what is going on almost every day out here. Can the Chinese continue to take it? Yes, as perhaps no other people. Not a word of complaint or any suggestion of making peace with the enemy.

Then the very night we returned to Chungking they started their moonlight raids here. There were four in that week; and with the next moon we had nine alarms in seven consecutive nights. Fortunately for us, the raiders have been bombing the suburbs and industrial districts and airfields (they accidentally got a direct hit on the Generalissimo's Douglas plane one night), and on two or three occasions they went elsewhere and we didn't see them at all; but these night raids sadly wreck your sleep for it's usually from three to five hours before the "all clear" goes. What a boon the local Y.M.C.A. has been throughout these times! Not only does its dugout shelter some 1,400 people every time the alarm sounds (if you read somewhere that the Y charges an admission, please help us to nail that lie), but its first-aid and stretcher squads and engineers are among the first on the spot after each raid and its Baby Clinic, maintained by the Y's Men's Club, attends to some of the more seriously wounded. The dormitory, too, practically the only place in the city where men away from home can find a wholesome place to live, is a real haven to most of the 350 who live in it. Government officials, business and professional men, students,--it's a great aggregation that lives there. We are grateful that the building still stands: we have ruins on four sides of us, and over a score were killed within a few feet of my office window. But China is unbeaten: in fact, she is winning this war. The great Changsha victory perhaps marks the turn in the tide.

Why do I think China is certain to win? Well, a few of us were discussing that the other night,--it was a question T. Z. Koo asked at a little dinner given by L. T. Chen, with Y. Y. Tsu, Gen. J. L. Huang, T. K. Chung as the other guests. In occupied China, T. Z. Koo said, many of the Chinese are becoming discouraged, pessimistic. Not so in free China. And here are some of the reasons for our confidence as we tried to formulate them that evening, very briefly: The increased solidarity of the people; improved leadership, both military and civil; China's military strength is constantly growing so that before long she will be attacking instead of just defending herself; the morale of her troops is improving as they win victories and demonstrate their own moral and physical superiority, while there is every indication that the morale of the enemy is weakening; the resources of free China, both in manpower and in material supplies, is almost limitless, and there is steady progress in the development of these resources as well as in transportation; the economic strength of the government as its control of trade and industry makes progress. There are other reasons, of course, but these are perhaps some of the most important ones.

There is so much more to tell about: our student relief, so worth while and bringing such encouraging results; the work of our American Advisory Committee which covers relief in general and considers appeals from all over China; Mme. Chiang's orphanages, now caring for over 20,000; the growing industrial cooperatives; the many interesting people one meets here, etc.,--but again, to do that would take a book. I hope America isn't forgetting China in her preoccupation with Europe. Help to keep us to the fore. With disastrous floods as well as war, China needs help now as never before. Fortunately for China's scush, the floods are in occupied China. I expect to leave for Singapore and Manila, possibly Java, too, the first of December to raise more funds for our work with the soldiers, but shall return here after that.

-- October 21, 1939, Chungking, Szechuan.

CHINA MISCELLANEA

INDUSTRIAL PROJECT FOR REFUGEES. Mrs. Robert F. Fitch of Hangchow, China, was responsible for starting industrial work for Chinese women in the Refugee Camps, first of Shanghai and then of Hangchow. A remarkable story of how a small initial gift was multiplied 150-fold is the following:

A friend in Rochester, N. Y. sent Mrs. Robert Fitch a gift of \$6.00 (U.S.) which at the time brought \$18.72 in Chinese currency. With it, Mrs. Fitch bought thread and set five refugee women crocheting gloves. She sold their product, paid them fair wages, and set 12 women crocheting more gloves with the profit. Again the gloves were sold, full wages paid the women, and 24 women were set to work. The process was repeated and 48 women were employed. Mrs. Fitch had 183 women working at this one task when the time came that she and Dr. Fitch could return to their home in Hangchow.

Mrs. Fitch went to the merchant who had been buying all the gloves, and said, "I am returning to Hangchow, I cannot continue this work with the refugee women here." He expressed himself as so well satisfied with the product that he would retain the women at glove-making. Within six months this merchant, a Christian, had 800 women crocheting gloves.

Mrs. Fitch says that all goods marked "Made in China" with a small Chinese bell as a trade-mark, and "China Lace Co." over the bell, is dependable as goods helping the Chinese, and not the Japanese. This is the trade-mark of the refugee industrial center.

600,000 REDUCED TO 10,000 IN KIANGSI CITY. An American missionary writes: "Our city fell on March 27th and some English speaking Japanese came into our compound and were very friendly. They told us not to admit Japanese soldiers unless there was an officer with them and they could tell what they want in English. A notice having on it the Rising Sun was posted on all our gates and to date very little has happened that was really unpleasant. I could write a book about our experiences in the past five months if I went into detail, but those details can wait until later. We have tried to find out the wishes of the Japanese and to obey. We must remember we are in the midst of war and that we must make the best of it. We have not been allowed the freedom of the streets but we have three Chinese members of our Hospital staff who have passes and they visit the markets and procure food for us. The Japanese have opened stores on the streets and there we can buy many kinds of canned goods from Japan. All of it is very good. We had more than two hundred refugees to take care of during the first few months but that number has been reduced as many are now going back to their homes. Our city is a wreck. The Chinese evacuated as the government made every effort to get everybody out. Out of the estimate 600,000 that were here this time last year, there were probably not more than 10,000 when the city was occupied. Roads, bridges, and some buildings were destroyed. There have been some misdemeanors but nothing like those reported from other places. Most of the incidents are those which come through war.

We have been cut off from the outside world, without post-office, radio, or newspapers. Some of the Japanese reporters have kindly brought us an English paper published in Japan. Through this we have known a bit of what is going on, but these papers have not been very consecutive. We understand that we are to have a postoffice in a short time and are looking forward to that with considerable interest."

NEW ORDER. From a Shantung missionary comes the following: "On August 25, the Japanese officers called their puppets together at X _____ and urged them to put on anti-British, French, Russian, American, propaganda. The majority of the

people living in the city had been protected in the neutral areas, the compounds of the American mission. The puppet rulers know the favor in which the Americans were held and answered the Japanese officers saying, "We have nothing against the Americans and we would rather resign than take action against them." Nine days later an armored train came into the station and the puppet police head was sent for. When he came with his body guard he and his men were shot without a moments inquiry. Impressed laborers were forced to bury them and it is reported that forty or more suspects or members of the dead men's families were carried up the railroad to some unknown place. The writer and others, all Americans, were subjected to unnecessary delays, expenses and very disagreeable experiences. (Sept. 3 & 4)

MISSION DIFFICULTIES. Our mission in - - - - - has been going through firey trials with the anti-British propaganda. About the middle of September they (Japanese) decided to burn and bomb our people out of - - - - -. The attempts were not very serious but in the end forced them out and some of the men were badly treated. at the station. At - - - - - the missionaries had been isolated for some time, without any servants, but in their case they allowed the Chinese to carry on the hospital which was in a separate compound. The serious floods made it necessary to go about the compound in boats and for a time checked the enthusiasm of the demonstrators. However the grand climax came when some boxes of freight destined for our American friends at - - - - - arrived. The Japanese said we were bringing in ammunition for a siege, and nothing we could do could make them believe these were not ours but were merely to be transhipped to our American friends. So now that station is out. - - - - - is the only one left. We feel it is only a matter of time till all will be out.

There are now twelve British hospitals in North China closed, and only two left open. It is certainly tragic. We are faring little better in the West. Our station at - - - - - was bombed in August and most of it destroyed. On the tenth our station at - - - - - was bombed, and hospital, school and three residences were totally destroyed and another residence damaged.

Shanghai's situation grows worse day by day as the Ta Tao police have encroached on the outside roads. They are dug-in on Avenue Haig almost across from the Cathedral Girls' School. They are everywhere on Edenborough Road and Great Western Road and Yu Yuen Road. They stand right by the Sikh police and try to direct the traffic. They have made two attempts to take over the traffic lights, and we have had nasty incidents with several killed. (Oct. 23, 1939).

SOUTH CHINA. The National Christian Council reports that need for relief in South China continues. With the continued bombing of cities, the flight of refugees into the interior continues. One relief worker writes: "Each day the refugees that come in from Kwangtung going further into the interior get a certificate from the refugee bureau then come here. I give each a dollar for boat expenses. The refugee ticket serves as the boat ticket. . . . Malaria is raging, and each day we give out to the poor several hundred tablets of quinine. This was also a gift. . . Alone we would not be able to help the refugees to any such degree". (Ed. note--Continue your support of your church missions and the Church Committee for China Relief--the need continues to be great.)

EXCERPTS FROM AN ANALYSIS OF THE EFFECTS OF THE EUROPEAN WAR ON THE FAREAST

Following is a report of a talk made in New York by Dr. Chang, Professor at Nankai University and Member of China's People's Political Council, shortly after his return from Europe:

The realignments in Europe have reverberated in the Far East in such a way that Japan's policies have become the more confused, and China's policies the more steadfast. First indications that Japan was left confused and groping after the Soviet-German non-aggression pact, came with the resignation of the Japanese cabinet on August 28, and the formation of a new cabinet on August 29. Following that there was confusion in the policy to be adopted by the Cabinet.

Japan's actions show that she is now groping her way along three lines, in each of which she is having tremendous difficulties. These are:

- (1) To terminate the war in China as soon as possible, on her own terms with as much profit as possible to herself.
- (2) To bring about better relations with the United States, with a view to initiate negotiations toward the formulation of a new commercial treaty.
- (3) To explore the possibilities of handling Soviet Russia and Great Britain by using the opportunistic policies of playing one against the other - in other words, to revise her plays in the game of power politics.

In her efforts to terminate the undeclared war, she has met with recent military defeats, which have shown the development of a new defense technique on the part of the Chinese. Japan's major defeat at Changsha on October 6, Dr. Chang pointed out, must make Japan realize that she cannot advance further without greatly increasing her troops and her supplies, which would be very costly. Furthermore, China has demonstrated the effectiveness of her guerilla operations on the Eastern seaboard, through the entrance of Chinese troops into Hangchow on October 16, and through other recent guerilla operations near Shanghai and Canton. Still further, Japan finds her efforts to set up the central puppet regime Japan has had to delay in the setting up of her long-promised central puppet regime under Wang Ching-wei. This delay is evidence of differences of opinion in the various army groups in Japan, and between the various puppets and would-be puppets. Japan's efforts to terminate the war, either by swift military action, or by means of a central puppet government, therefore, are doomed to failure.

Japan's second line action, which is to placate the United States, is also meeting with setbacks. It is to the American interests to see that a balance of power is kept in Asia. If one nation should become dominant, as Japan would like to be, obviously third power interests would suffer. Japan is, therefore, combating America's own self-interests in attempting appeasement.

Japan also needs United States raw materials if she is to profit by the European war markets. She is therefore making efforts to promote a new trade treaty with the United States. Again, however, this is against American self-interest. The United States cannot afford (1) to supply Japan with raw materials to the extent that Japan will become a dangerous competitor in the sale of manufactured materials to Europe, or (2) to aid in building up a stronger military equipment for Japan, without increasing her own naval appropriations for the Pacific.

American interest in the rights of her nationals in China under the open door policy, and increased American sentiment in favor of placing an embargo upon selling

war materials to Japan on the basis of America's Nine Power Treaty obligations, add to Japan's difficulties in winning American support for a "peace" on Japan's terms, or for a new trade treaty. In short, American interests in the Far East are definitely bound up with a free and independent China, with her territorial integrity intact.

The third policy which Japan is following is an attempt to play Soviet Russia against Great Britain in the game of power politics, according to Dr. Chang's analysis.

But Britain's policies are not likely to be changed abruptly in Japan's favor for two reasons. (1) The British government's attitude in the current European war against all aggression has been definitely stated. To side with Japan would weaken the moral grounds upon which Great Britain has placed her own case, and would damage her prestige with the neutral countries. (2) Great Britain's control of Singapore is of tremendous importance to her Pacific dominions, as a symbol to the Empire, and to the security of her trade routes to Australia and New Zealand. A more powerful Japan would be a threat to her whereas a free and independent China would be beneficial to her interests, as well as to those of the United States.

At the same time that Japan attempts to encourage British cooperation, she is attempting to place herself on a more favorable footing with Soviet Russia. The proximity of Vladivostok to the Japanese mainland hangs over Japan as a tremendous threat. Japan wishes to relieve the pressure she feels in the north in order to expand southward. That she is already approaching Russia on this basis, and seeking her understanding in her attempts to encroach upon British and other interests in the south, is quite possible. Soviet Russia, on the other hand, is not likely to strengthen Japan to the extent that Japan will become a menace to her in Asia. Neither is Soviet Russia likely to make any agreement which will cut off her economic connections with China.

These facts all go to show that Japan is meeting with difficulties in her efforts to play power politics to her own advantage. Great Britain and Soviet Russia are also able to play the same game, and their purposes are not synonymous to Japan's.

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CHINA MISCELLANEA

LETTER FROM BISHOP RALPH A WARD (OCTOBER 10, SHANGHAI. China's Great West still has not been invaded - save by air-raids. They will never settle this war - save to increase popular resistance and bring home to the masses the issues at stake. To the Great West there are, geographically, three possible, though exceedingly difficult routes for invasion. One of them in the northwest has been furiously attacked several times during the war and each time the attack has failed. The wall of mountains and heroic resistance have proved impregnable. On the route in the south still less progress has been made by the invaders. The one in the center leads south, then west from Hankow. The next city, Changsha, relatively easy of capture, was the next major objective. Hankow fell a year ago. During recent weeks a wide-range battle has been raging against Changsha. It has resulted in overwhelming defeat for the invaders. Even their spokesman in Shanghai papers now says openly: "Changsha was not important after all". So the wall of mountains and men to China's Great West has not been breached. And the Chinese again see that they can carry on indefinitely. The ships which brought us to China - owned and controlled by the American Government - spent many hours in harbors of Japan, unloading scrap iron, scrap steel, scrap tin and cotton. That means more reinforcements for the invaders of China. America is still a valuable ally against the great democracy of Eastern Asia.

DR. LIN LIN ANSWERS GENERAL JOHNSON ON "FOREIGN TRADE"

In his column on November 15, "Foreign Trade" Hugh S. Johnson has given some figures which Dr. Lin Lin, Research Director of the Trans-Pacific News Service feels need further examination. General John says "Japan is going to get an absolute embargo right in the neck if she doesn't respect American rights in China--where our state is less than \$100,000,000. Our trade with Japan is about \$500,000,000 a year. Five years of that embargo would cost us about \$2,500,000,000 to protect that \$100,000,000. Dr. Lin Lin has written General Johnson as follows: (November 17)

"In saying that 'our trade with Japan is about \$500,000,000 a year' it seems to me that you must have the 1937 trade figure in mind. But, when you wrote that in China 'where our stake is less than \$100,000,000' you evidently failed to use the comparable figure of the 1937 Sino-American trade which, according to the U. S. Department of Commerce, amounted to \$153,325,000 -- a figure which is more than 50 per cent larger than yours.

"You thus have given your readers the impression that the Japanese-American trade in comparison with the Sino-American trade was much more important than what it really has been.

"You went on to say that 'five years of that embargo would cost us about \$2,500,000,000 to protect the \$100,000,000.' May I point out that you forgot to multiply your Sino-American trade figure, which has been already much underestimated as above indicated, with the same multiplier as you used in the case for the Japan-American trade? Thus the wrong impression you have given to your readers grows without bounds. The relative importance of the Japanese trade suddenly increases from five times to twenty-five times.

"Moreover, I believe that you will agree with me in saying that the large volume of the Japan-American trade attained in 1937 was primarily due to the increased Japanese purchases of the American war materials, resulting from the Japanese anticipation of the Sino-Japanese hostilities which broke out in the second half of the year. In other words, the 1937 trade cannot be considered as the normal or lasting economic phenomenon.

"Table I

TRADE OF AMERICA WITH JAPAN 1932-36

<u>Year</u>	<u>Exports to Japan</u>	<u>Imports from Japan</u>	<u>Total</u>
1932	\$134,921,000	\$134,011,000	\$268,932,000
1933	143,435,000	123,418,000	271,853,000
1934	210,480,000	119,252,000	329,732,000
1935	203,283,000	152,902,000	356,185,000
1936	204,348,000	171,744,000	376,092,000
1932-1936 total.....\$1,632,794,000			
1932-1936 average.....\$ 326,559,000			

Table II

TRADE OF AMERICA WITH CHINA 1932-36

<u>Year</u>	<u>Exports to China</u>	<u>Imports from China</u>	<u>Total</u>
1932	\$56,171,000	\$26,177,000	\$82,348,000
1933	51,942,000	37,807,000	89,749,000
1934	68,667,000	43,933,000	112,600,000
1935	38,153,000	64,200,000	102,353,000
1936	46,819,000	74,232,000	121,051,000

1932-1936 total.....\$508,101,000

1932-1936 average..... 101,620,000

"From the accompanying tables which are compiled from the statistics published by the U. S. Department of Commerce, the following facts stand out clearly: (1) The Japan-American trade in total for the five years under consideration amounted to only about \$1,600,000,000, or \$300,000,000 a year. (2) The Sino-American trade for the corresponding period totalled about \$508,000,000 or a little more than \$100,000,000 a year. And (3) the Japan-American trade is, roughly speaking, only about three times the Sino-American trade.

"The Japanese expansionists have repeatedly used the lowest form of appeal, the appeal to the selfish profit motive, for the continuous participation by the United States in the Japanese slaughtering in China. They hope that Japan can control the vast resources, the cheap labor and dominate the great potential markets in Asia and, in addition to the establishing of a closed economy in Western Pacific, that eventually she will be able to compete with and drive out the United States interest in the world markets. There are great dangers, you know as well as I do, that the average public might easily fall into the Japanese bait to the detriment of both China and America in the not distant future if they were further misled by the misquoted or misinterpreted trade statistics.

"It is of course impossible for me to go into any lengthy discussion of the thesis above stated in this short letter, but I can assure you that the thought is shared with me by many American leaders."

ACT NOW - WRITE LETTERS

Selfish interests, both Japanese and American, appear to be pressing hard for a new treaty upon expiration of the present one in January. This treaty would forestall an embargo on Japan's war purchases in the United States. Our Government needs to know in no uncertain terms that the mass of citizens would be opposed to such a move. Let us help bring peace by withdrawing our support of Japan's aggression.

WRITE IMMEDIATELY to (1) Hon. Franklin D. Roosevelt, Washington, D. C. (My dear Mr. President:); Hon. Cordell Hull, Secretary of State, Washington, D. C. (Dear Mr. Secretary:); (3) Mr. Maxwell M. Hamilton, Chief, Division of Far Eastern Affairs, Department of State, Washington, D. C. (Dear Sir:); Make your letter BRIEF, FRIENDLY and FIRM. Such a letter might mention (1) America's interest in independent China and in the preservation of international law and order as even more important than immediate issues of American property and trade; (2) a new treaty with Japan which would prevent an embargo of trade which supports Japanese aggression must not be made; (3) such a treaty would mean recognition of acquisitions by force and contribution to future instability; and (4) The United States may contribute gradually to a JUST PEACE and to the erection of a new and better structure for international cooperation and security among nations of the Pacific area.

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ENCLOSURES

China Today, Letters 15, 16 and 17 from Dr. Frank W. Price, Chengtu, Szechuan, West China. These three letters are sent to the entire mailing list. Do you want to be on the list to receive them regularly?

Testimony to Foreign Affairs Committee of the House of Representatives on Far Eastern Legislation, July 19, 1939 - Sent through the generosity of a subscriber to The China Information Service.

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WE ARE STILL FIGHTING

Excerpts from an address by His Excellency, Dr. Hu Shih, Ambassador from China, at the China Society in New York City on October 30, 1939.

Dr. Hu said that he considered the two issues behind the Far Eastern conflict "(1) the clash of Japanese imperialism with the legitimate aspirations of Chinese nationalism, and (2) the conflict of Japanese militarism with the moral restrictions of a new world order". These are now even more evidently related to each other than when he spoke of them two years ago.

Italy, Germany and Japan "turned to those regions which Walter Lippmann once called 'the stakes of diplomacy', regions vast in territory, rich in resources, but weak in government and in the power of resisting an external aggression. Parts of Africa, Arabia, Persia, the Balkan States, Turkey and China were among these 'stakes of diplomacy' where, during the last decades of the last century, the struggle for colonies and special concessions was very acute and where the 'law of the jungle' reigned almost supreme."

Reviewing the development of these imperialistic struggles culminating in the difficulty in 1900 participated in by eight Powers, including Japan and the United States he says "there were loud outcries of 'Partition of China' and there was immi-

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING, SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

ment danger of a real world war to be fought on the unequal division of spoils in China."

"That international conflagration at the turn of the century was averted by the gradual working out of an international order in the Far East under the leadership of the Anglo-Saxon peoples. An Englishman, Alfred D. Hippisley, and an American, William W. Rockhill, worked out the principle of the Open Door policy in China and your great Secretary of State, John Hay, adopted it as early as 1899 and proclaimed it to the world in a series of notes to the various Powers interested in China. Throughout the years of the so-called 'Boxer War' and the peace negotiations following it, the American insistence on the Open Door in China and the British support of that policy had a sobering effect on the more aggressive Powers, especially Russia, Germany and Japan. And the result was the evacuation of the allied forces after the peace protocol had been signed and put into effect. Thus was China saved from the fate of being the seat of the first world war in the 20th Century."

Dr. Hu spoke of the Open Door policy as the cornerstone of the international order in the Far East and said "The Principles of the Open Door policy are most explicitly stated in the Nine Power Treaty of 1922, Article I of which says: 'The Contracting Powers, other than China, agree: (1) To respect the sovereignty, the independence, and the territorial and administrative integrity of China; (2) to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government; (3) To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China; (4) To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens or friendly States, and from countenancing action inimical to the security of such States.'"

The Open Door principle is both economic and political. "As recent historical scholarship has indicated, the founders of the Open Door policy clearly conceived from the very beginning that the economic phase of the Open Door, namely, equal opportunity of trade, was dependent upon the political independence and territorial and administrative integrity of China. The door of China can be kept open only by an independent, sovereign state of China with a modern government sufficiently effective and stable to protect the rights and interests, not only of China herself, but of the nations having friendly relations with her. . . .

It is this international order of the Pacific region (which stood on the Covenant of the League of Nations, but was also supported by a series of other idealistic treaties, such as the treaties of the Washington Conference and the Kellogg-Briand Pacts) in its older and newer forms, that has been responsible for the sheltering and protection of China throughout the first three decades of the century against many a threatening aggression; and for enabling her to work out the necessary steps in her process of developing a modern effective and stable government for herself. Under its shielding, China brought about two important and fundamental political revolutions (1911-12 and 1927-28), fought several civil wars and, at least from 1927 on, was beginning seriously to convince the outside world of her ability to develop and maintain for herself a modern national state. She was successfully unifying the country, modernizing her institutions and her means of transportation and communication and building up a modern national life.

"But unfortunately the rise of modern national state in China was not to the liking of our nearest neighbor, Japan. . . These militarists, and in particular the young officers, could not and would not tolerate China's endeavors to build up a unified and modernized state. They were determined to crush nationalistic China before it could attain stability and strength. So. . . the Japanese army in Mukden created

the 'Mukden Incident' and in a few months the Japanese troops were occupying the major portion of the Three Eastern Provinces of Manchuria.

This invasion broke down the international order both in the Far East and in the world at large. . . "China naturally appealed to the League of Nations and to the signatories and adherents of the Nine Power Treaty. . . Suffice it to say that the world at that time was not prepared to support that international order by curbing the aggressions of Japan. The League pronounced a judgment and proposed a settlement which was tantamount to a surrender to Japan's wishes. But when Japan refused to accept the settlement and withdrew from the League, nothing more was done by the supporters of Collective Security. . . The whole structure of post War world order. . . now broke down and was finally scrapped when the new European War began two months ago. The failure of this new world order to support its own principles during this early stage of the Sino-Japanese dispute doomed it to ultimate downfall.

"These then are the fundamental issues involved in the Sino-Japanese conflict. A new national state in China has arisen and become the object of fear and attack by the Japanese Imperialists. In trying to crush nationalistic China, Japan has also destroyed the international order, under the shadow of which the Chinese national state has been growing up and gaining strength. The place of this international order, Japan's militarists are trying to set up the 'New Order' of East Asia, which Mrs. Hallett Abend has aptly called 'the New Disorder.'

Japan's war in China has been going on for more than eight years. Its latest phase of open and continuous hostilities has been going on for 28 months. It is unnecessary to inform this sympathetic and enlightened assembly that After 28 months China's resistance is as determined as ever before, and that the war will go on for many months and possibly years to come and will be ended only when China can be assured of a just and honorable peace.

"Nor is it necessary to remind you that our enemy is bogged down more and more deeply and has shown some anxiety to terminate the so-called 'China Incident' which has cost Japan a million casualties, is killing 1,000 of her men a day without a major frontal battle, and has exhausted her gold reserve in two years.

"Under these circumstances, and with the European War going on, many of our American friends are beginning to think that an early peace may be possible in the Far East. Mr. Walter Lippmann is thinking aloud 'Toward Peace in Half of the World', and Mr. Richard J. Walsh, editor of Asia, is writing that 'The Peace Must Begin in the Orient'.

"But I wish to point out to these friends that, as far as I can see, there is no prospect of an early peace. Why? Because the Japanese militaristic caste has not yet repented their aggressive policy, and because so far there is no power, either inside Japan or elsewhere in the world, which can bring that militaristic caste to its senses and make it accept a peace that will be just and enduring.

"A just and enduring peace in the Far East must offer satisfactory adjustment to the fundamental issues behind the war. It must fulfill these basic conditions:

"(1) It must satisfy the legitimate demands of the Chinese people for an independent, unified, and strong national state. (2) It must not result in vindicating any territorial gain or economic advantage acquired by the use of brutal force in open violation of international law and solemnly pledge treaty obligations. (3) It must restore and greatly strengthen the international order for the Pacific region so that orderly and just international relationships shall prevail and recurrence of such an aggressive war shall be impossible.

"I repeat: such a just and enduring peace is not in sight, and therefore my people are determined to fight on until such a peace is achieved."

NOT SOUR GRAPES

CHUNGKING, Nov. 30 -(Special)- The temporary suspension of the flow of supplies over the Nanning highway occasioned by the military operations in that vicinity is distinctly of minor importance, it was stated today by Mr. M. E. Sheehan, American highway transportation authority.

Mr. Sheehan, who is Vice President of the Keeshin Freight Lines of Chicago, has recently completed a tour over the existing highway transport routes in China, declared that with the close of the rainy season in South China an unlimited quantity of goods may be brought into China over other more thoroughly conditioned roads.

Throughout the rainy season, despite the heaviest rain ever recorded which even suspended operations of the Burma Railway, the Yunnan-Burma highway remained open and in use, he said.

After completing his inspection tour in the southwest, Mr. Sheehan said he observed as many as forty or fifty landslides in a space of twelve kilometers along the new highway but none were allowed to impede the smooth flow of traffic pouring into China from the South.

"The Nanning highway was only one of the many strands in the mesh of highways ensuring China adequate supplies of foreign goods," he stated. "The highway has been in a state of ill repair for several months and since the spread of war into that neighborhood has fallen into a state of complete disuse.

"The officials and people of Kwangsi Province within the past few weeks allowed the highway to be flooded and the roadbed has reverted to its original state--paddyfields-- that preceded its construction, thus rendering it useless for Japanese operations.

"One of the most amazing features of the South China countryside is the multitude of backroads and country routes that may be linked up to ship goods in any direction desired," Mr. Sheehan continued. "These traditional back country roads may be linked within a few weeks to provide any imaginable detour. These roads consist of stone-paved paths over which animal traffic coursed for centuries. It is only necessary to lift the stones out of their bedding, place them on the side of the old road-bed as hard shoulders and fill in the space with gravel, and then you have roads that are fit for motor traffic.

"The existence of such backways and paths enable some of China's new roads in the Southeast to be built with great rapidity. The backroads and byways constitute only a reserve insurance for the flow of supplies through Kwansi for in addition to them, the end of December will see the completion of a new motor road which has long been planned and almost completed as a substitute for the old highway. It will actually shorten the distance between the Chinese border and Cochin-China to North Kwangsi province by a couple of hundred kilometers.

"The new road will be smoother, with fewer hairpin curves and will be distinguished by its excellent profile engineering," Mr. Sheehan said, adding that at least four other routes are said to be in process of construction.

"Throughout the Chinese Southwest, the work under the direction of the Ministry of Communications is progressing rapidly. The minister, Mr. Chang Kai-gnau, has

taken personal charge of a gradual drive for increased efficiency and speed in Chinese transport. During the past few months preparations have been approved for centralizing the supply of spare parts among fourteen hitherto independent Government transport agencies.

"By dividing the highways into sections so that individual drivers traverse only sectors instead of the entire trips, it is expected that day and night operations will soon commence over China's southern arterial highways," he said.

Mr. Sheehan also revealed that "amazing success" had been achieved in experimental operation of duck-bottomed Chinese junks powered with American outboard motors.

The Ministry of Communications, assisted by the American highway experts, M. E. Sheehan, A. G. Bassi and C. W. Van Patter of the Keeshin Freight Lines, Inc., of Chicago, has been taking full advantage of the stability within China during 1939 to improve and construct almost all of China's principal highways and reorganize the various regional managements into one centralized, more economic and efficient transportation agency. Chinese leaders believe a new era of highway service is dawning for the lasting benefit of China.

JAPAN FEELS PRESSURE OF WAR

From Americans living in Japan come a report of the present situation from which a few excerpts are made:

"Perhaps the Oriental situation is no longer news even in America. In many ways it is hardly news to us out here, just something that goes on and on with no apparent end. We are in no position to comment on policies or activities; the press and learned economists can keep you well informed on such things, but we have long sought for an opportunity to write you exactly how the war is effecting the individual in Japan. To begin with, all wars bring shortages of certain commodities and a rising cost of living. . . unfortunately missionaries are caught between two fires. While the cost of living has mounted steadily, almost every mail brings threats of more salary cuts, . . . We know conditions elsewhere are much more acute, so in God's Name support missions as you have never done before!"

CANNED GOODS, EGGS, RICE. Then follows an account of the excluding of imports of foreign canned goods, so necessary to the American living in Japan. "Trading companies can only import about \$35.00 of goods per month (which is less than our own needs in winter!) . . . Regarding prices, we shall quote a few. For years canned asparagus was Yen 0.90, then crept up to Yen 1.15. On a recent trip to Tokyo we planned to lay in a stock, thought this price was high and decided to compare with other stores. Overnight the price jumped to Yen 1.40. . . Our milk has risen 50%, and butter even more, in addition to which we have been unable to get more than two or three pounds during the past three months. Eggs are rumored to be taken off the market in order to export them. Meanwhile a very dry summer indicates a very poor rice crop, extreme heat having withered the young plants in many places; and now too abundant unseasonal rains are hindering even more."

". . . IN CLOTHING AND SHOES, the same kind of difficulties are encountered. All cotton and wool has been designated for the service; the populace is required to use staple fiber and some rayon. As the staple fiber disintegrates in wear, it is quite a problem; and how this damp, cold climate can be faced without wool, is more than we can see. . . We hear from missionaries in Tokyo that if they personally take their shoes to stores for repairs, they are turned away: 'No leather.' If they send the

shoes by servants as though the shoes belonged to nationals, they are repaired. . . Stocks are expensive, go to pieces in a day or two, as testified by the Premier's experience with his own son's footwear. . . Gasoline has long been restricted."

". . . All these conditions are being sold to the public on the grounds that ONLY PRIVATION CAN WIN THE WAR, that their soldiers are suffering, so they should be willing to suffer too, whether it is actually necessary or not. . . Everywhere old clothes are fashionable and if the war isn't won soon, there will be almost as much reconstruction and repairs needed here as abroad. While active service has absorbed many tradesmen, postponed repairs and construction have made the situation acute for many, and epidemics of robbery break out from time to time. . . The building industry has met many handicaps also. New houses are discouraged, indeed are prohibited above a certain. . . The other day the wife of the neighboring carpenter came and asked for a few nails we had saved when some packing boxes were broken up, carefully counted them out, paid us a dime, said her husband could not get any nails, could not finish the work he was on without them. Thirty five feet of wire we have sought for over a year now. . . Electric wire is just as scarce."

"Certain commodities cannot be gotten, such as dental cream and powders. . . For months we could not get films for our camera, and now only occasionally. Books are a rarity also; to bring them in takes money out. By recently enacted laws all gold of any kind has been listed. . . only teeth seem exempt. The gold census has been taken among nationals and foreigners alike, so all of the yellow metal may be called at any time."

PATRIOTIC ACTIVITIES. In commenting on anti-British demonstrations the writer says: "What we have seen of these demonstrations plainly indicates control from above. Just what effect these conditions have on the mission church is difficult to say; nothing very definite as a group. There is nothing in Christianity that excludes patriotism. However, due to the temporary enthusiasm for the national cause, much time and effort that would go into religious pursuits is spent in patriotic activities. For instance, the women of the city have a league that meets every train to minister to any soldiers that may be passing through. Membership is compulsory; members have to accept assignments and whether these conflict with church activities or not, they infringe so on a housewife's time that as often as not church is overlooked."

AIR-RAID DRILLS. One incident is related in an account of anti-air-raid drills. "Upon our return home from Tokyo after the recent (air) drills we found that our house had come through safely and with honors, due to the cooperation of our servant; but she said that the committee had asked a contribution of three yen, 'because it had been very lively in this neighborhood.' We found that five or six 'bombs' had been planted around here, but that did not seem to justify the assessment rate. A bit of rapid calculation fixed the fees for the entire city at about seventy-five thousand yen at that rate, so we decided to look into the matter. We found that each team captain among the vigilantes was supposed to receive a present, generally food while on duty, and 'since we did not give foreign food which is expensive, we ought to pay more because we are rich.' We soon straightened that out."

PROSPERITY. Incidentally visitors to the Orient have spoken of the prosperity they find in Japan. Just how artificial this is we do not know, but there is plenty of money in circulation, plenty of bonds issued and over-subscribed, plenty of cheering, and many remains coming back from the front, probably more than might be suspected. But through it all we sense a bit of let-down, as though many were growing weary, wondering what it is all leading to and what it is all about, and if in the end the poor man will be just as poor and the rich man richer. Perhaps it is this that prompts the air drills more than the threat of aerial invasion; it is a good way to keep the people stirred up by making it seem that they may be done unto as they have so willingly done unto others."

SUMMARY OF CHINA NEWS

NANNING AND THE HIGHWAYS. The capture of Nanning by the Japanese on November 24, was not welcome news to China's friends. But it is not as disastrous to China's ability to get supplies from the south as Japan would have us believe.

Nanning is, without question, a key point upon a motor highway which has lead from Haiphong, in French-Indo China, into Kwangsi Province's capital, Kweilin. It is also fairly unquestioned that over that highway has passed, during the last month, a great deal of the traffic which brings supplies into China from the French Indo-China coast.

The fact is, however, that the closing of the road by the Japanese does not close off China's source of supplies from the south. Three sound observers, in the last few days, have told of the practicability of alternate highways from China. Rey Scott, recently returned news photographer, photographing for Life Magazine, who travelled over the Nanning highway only this fall, stated to the New York Times that the Burma road, which was not affected by the capture of Nanning, had not been carrying anywhere near its full capacity of traffic. He also pointed to the Haiphong-Yunnan railway as an excellent substitute for the Nanning highway. Furthermore, Mr. Scott pointed out, it would not be difficult for the Chinese to route traffic around Nanning, and beyond that point he felt it would be almost impossible for the Japanese to penetrate. The road from there on becomes very mountainous--land which is grist to guerilla mills, and a terror to Japanese armies.

T. A. Bisson, writing in the Foreign Policy Association Bulletin on November 24, speaking of Nanning, (before he knew of the Nanning battle) said, "... the main Indo-China railway into Yunnan province, however, is at least 800 miles further inland."

A cable received in New York from Chungking on November 30, quoted Mr. M. E. Sheehan, American highway transportation authority, who said, "The Nanning highway was only one of the many strands in the mesh of highways ensuring China's adequate supplies of foreign goods." He explained this by saying, "One of the most amazing features of the South China countryside is the multitude of backroads and country routes that may be linked up to ship goods in any direction desired. These roads consist of stone-paved paths over which animal traffic coursed for centuries. It is only necessary to lift the stones out of their bedding, place them on the side of the road bed as hard shoulders and fill in the space with gravel, and you have roads that are fit for motor traffic."

Mr. Sheehan, vice president of the Keeshin Freight Lines of Chicago, has just returned to Chungking, where he is working with the Ministry of Communications, from a tour of the south China roads.

Though the Chinese are making every effort to push the Japanese back from Nanning, and have been reported in several successful drives to the northeast of the town, Chungking is definitely not discouraged by the fact that one highway, already long under Japanese bomb fire, has been temporarily cut off.

UNITED STATES AND JAPANESE APPEASEMENT. Though there may be some basis for fear that settlement with Japan of the disputed American rights in China may fall short of Nine Power Treaty obligations, Senator Key Pittman definitely said, on

November 25, "I see no occasion for acts of appeasement, or even expressions of appeasement on behalf of the United States toward Japan...it would seem to be futile to enter into a new commercial agreement with Japan until Japan has made some effort to keep her former agreements under the Nine-Power Treaty."

Japan's gestures toward settling American damages by payments are consistently negated by continued acts of violence against Americans. On December 5, in the same column in the New York Times which reported renewed parleys between Ambassador Grew and Admiral Momura, there was a report that the United States Consular officials in Shanghai had lodged a protest with Japanese officials against an assault upon a former major of the United States army by the Japanese controlled police.

JAPANESE TANGLE. That much is going on in Japan itself to disturb the smug, is evident by the Tokyo dispatches concerning changes in cabinet, the dissenting reports from puppet-hope Wang Ching-wei and his Japanese friends (they still can't agree, nor can they part), the conflicting public opinion in Japan about Soviet Russia, and even the recent admission (November 27) by Premier General Abe, that Japan had a long fight ahead of her in China. Even the attack upon Nanning, coming so close upon the heels of the Chinese victory in Changsha, may very likely have been Japan's way of bolstering up weakening morale at home.

NEW MINISTRIES IN CHUNGKING. Four new ministries have been set up in Chungking, according to reports to the Chinese press here, which will widen the scope of the Executive Yuan of the Central Government. These include a Ministry of Commerce, headed by Shu Kan, a Ministry of Industry and Mining, headed by Ong Wen Hao, a Ministry of Social Welfare, headed by Shu Shi-ying, and a Ministry to include navigation, forestry and agriculture, headed by Chen Ko-fu.

- - - - -
IMPORTANT - WRITE LETTERS

There is pressure for a new trade treaty with Japan upon expiration of the present one in January. This treaty would forestall an embargo on Japan's war purchases in the United States. Our Government needs to know that the public would be opposed to such a move. Let us help bring peace by withdrawing our support of Japan's aggression.

WRITE IMMEDIATELY to (1) Hon. Franklin D. Roosevelt; Washington, D. C. (My dear Mr. President:); Hon. Cordell Hull, Secretary of State, Washington, D. C., (Dear Mr. Secretary:); (3) Mr. Maxwell M. Hamilton, Chief, Division of Far Eastern Affairs, Department of State, Washington, D. C. (Dear Sir:); Make your letter BRIEF, FRIENDLY and FIRM. Such a letter might mention (1) America's interest in independent China and in the preservation of international law and order as even more important than immediate issues of American property and trade; (2) A new treaty with Japan which would prevent an embargo of trade which supports Japanese aggression must not be made; (3) such a treaty would mean recognition of acquisitions by force and contribution to future instability; and (4) The United States may contribute gradually to a JUST PEACE and to the erection of a new and better structure for international cooperation and security among nations of the Pacific area.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

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Reprint from ASIA, January, 1940:

The Sungpan Valley Awakes, by Rewi Alley

Tale of a Spinning Wheel, by Lewis S. C. Smythe

Leaflet - Japan's Partner: the U. S. A., from American
Committee Non-Participation in Japanese Aggression.

FOR CHRISTMAS AND THE NEW YEAR
REMEMBER CHINA

Now is the time to help spread information about the situation and
to use influence to end American participation.

WRITE IMMEDIATELY to (1) Hon. Franklin D. Roosevelt; Washington, D. C. (My
dear Mr. President:); (2) Hon. Cordell Hull, Secretary of State, Washington, D. C.
(Dear Mr. Secretary:); (3) Mr. Maxwell M. Hamilton, Chief, Division of Far Eastern
Affairs, Department of State, Washington, D. C. (Dear Sir:); Make your letter BRIEF,
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international cooperation and security among nations of the Pacific area.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL. FORMERLY
COMMUNITY CHURCH, SHANGHAI. PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA.
FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y. Y.M.C.A., CHUNGKING.
SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, SZECHUAN

CHINA MISCELLANEA

From Shanghai Correspondent and Other Sources

GENERAL CONDITIONS. Conditions in the occupied cities are not undergoing noticeable changes. The flooded condition of the country around Tientsin is most distressing. The abnormal attention the military have paid to their quarrel with the British in this city contrasts strikingly with their negligible efforts to meet the famine needs of these 10,000,000 people.

ONE THING ON WHICH WE AGREE. "The term "New Order in East Asia" is by now a hackneyed, formalistic and unconvincing one. It is sometimes incomprehensible even to Japanese. It looks as if there is passion in it but as a matter of fact it is a dry, shriveled-up thing. It is about time that the authorities realized that the use of such a term gets us nowhere and that it has no propaganda value."

--- Shanghai Nichi Nichi.

GUERRILLAS. The guerillas continue to be active along the Shanghai-Nanking and the Shanghai-Hangchow railways, in spite of repeated Japanese reports that they have been cleared out. Wrecked trains are reported from time to time, and highway travel is far less safe than it was a year and a half ago. Residents of Wusih and Changchow report firing almost every night. (Missionary reports from Nanking confirm the seriousness of the situation. -Ed.)

PRICE OF RICE. Within the past two days, (Nov. 20), rice prices in Shanghai have jumped from \$28.00 to \$35.00 a picul, chiefly as a result of reports of Korean crop failures. So serious is the crop failure there that rice may even have to be sent into Korea. There is much talk of foreign purchases of rice, but from all reports the greatest source will be China. Japanese buyers are active throughout all of Shanghai's hinterland, in some cases even going into fields and buying directly from the peasants. Boatloads of rice are commonly seen moving, under Japanese escort, towards Shanghai. Large supplies are also seen being moved along the railways by the military. These measures may relieve somewhat the shortage in Japan, but they will bring hardship and hunger to the masses of China. Already a serious shortage of rice has been felt in the cities throughout this section and prices have soared to an all-time high. The November report of the Industrial Section of the Shanghai Municipal Council reports the following rice prices: Average for 1936 - \$9.94 a "shih" (172 pounds); corresponding prices for 1939 - August \$27.33, September \$31.64, October \$28.92. With the Japanese so energetically engaged in buying up the present harvest it is probable that next year's prices will be even higher. With the prices around \$29.00 in Shanghai, farmers in one village fifty miles away reported that they were paid \$17.00 a shih by the Japanese buyers. Crops have not been so good in China, but the sudden increase can only be attributed to the present Japanese buying up of rice, and the fear that they will redouble their efforts with famine threatened in Korea. Thus goes the course of Japanese aggression: First Korea to supply Japan, and now China to supply both Japan and Korea.

REOPENING YANGTZE VALLEY AND PEARL RIVER. Some reputable American newspapers are carrying an item from Tokyo that Japan promises to reopen the Yangtze Valley between Shanghai and Hankow and the Pearl River at Canton "at the proper time." The promise was given to the United States Ambassador to Japan, December 18. Although it was announced simply as a declamation of intention, and although the concession will appear small to Americans, it is important in the view of the Japanese government because it is regarded as concrete evidence that Japan contemplates a monopoly in China's trade to the exclusion of foreign interests. If Japan, however, means this statement to be considered as a reply to American protests why was she not more explicit in regard to some definite date for the return to normalcy. Does it await military orders dependent upon the results of the war?

REPORTS ON NARCOTICS IN NANKING
and the occupied areas of Kiangsu, Anhwei and Chekiang
(November, 1939)
M. S. Bates

Recently many inquiries have been received from individuals and organizations concerned with the problem of narcotics in Nanking and this region generally. Careful questioning through a considerable number of friends has secured the following information from officials of the Municipal Government and of the Reformed Government, also from dealers and inspectors within the distributing organization.

I. OPIUM

That part of the Nanking Municipality which lies within and adjacent to the walls, contains a population of about 480,000. It is served by 30 public stores and by 173 licensed smoking dens; 14 hotels are known to have licenses. There is a large illegal trade, which officials are continually trying to force into channels profitable to themselves. That is the extent of "suppression".

The drug is supplied by the "Opium Suppression Bureau" at (Chinese Currency) \$19 per ounce to the public stores, which pass it on to the dens and to private buyers at about \$22, with variations according to the supply in hand. There is evidence corroborated by several types of witnesses, that the daily sales made in regular fashion through the public stores are averaging 3,000 ounces or \$66,000 retail. All reporters emphasize the evasions at every point: Much opium is connected at no stage with the public sales organizations; inspectors frequently fine the dens for buying outside the stores; opium goes out irregularly from the stores and is not counted; and so on.

It is probable that 20 to 30 per cent of the opium sold by the stores passes to consumers outside the local population of 480,000. But that allowance is only a partial offset to the opium illegally distributed within Nanking. The figure of 3,000 ounces is therefore well below the actual daily consumption. From one dollar a day upwards is needed to maintain an addict, but many thousands of the poor crawl along miserably on less than that. It is believed that 3,000 ounces per day would represent at least 60,000 addicts; and that the full truth is well above that figure.

Out of numerous statements from various sources apparently competent but sometimes diverging, we reach the conclusion that the main supply of opium comes from Manchoukuo, a secondary supply from Iran through Japanese purchasing and shipping arrangements, and small arrivals from other places including Annan and a few points on the norther borders of Kiangsu and Anhwei provinces. The Executive Yuan of the Reformed Government, which conducts the opium business in the occupied portions of Kiangsu, Anhwei and Chekiang provinces, receives a monthly income of \$3,000,000 from a "tax" of \$3 per ounce on 1,000,000 ounces of opium. Well placed officials testify that the actual amount handed on monthly to consumers is much larger; and the Nanking consumption of 90,000 ounces per month would strongly support their statements, for the population concerned is many more than eleven times the population of Nanking. Let it be mentioned in passing that the Suppression Bureau has pushed its sales branches even into small towns, and that one city much below the class of Nanking reports over 300 licensed shops.

The revenue of \$3,000,000 from opium is the main support of the Reformed Government, and is declared by Japanese and Chinese officials to be indispensable for the maintenance of any government in this area under the present supervision and cir-

cumstances. Furthermore, it is fully understood in political and military circles that \$3 per ounce is not the total gain to the rulers of this area, any more than 1,000,000 ounces of opium is the total amount of that one kind of poison they provide monthly for the people whom they profess to love and to serve at great sacrifice. An expert official declares that \$8 per ounce is the basic price paid for opium from Dairen, plus \$2 to other Japanese interests for transportation. Therefore, a wholesale price of \$19 provides \$9 to cover the "tax" of \$3. Now stuff that sells for some \$300 a pound can be handled very cheaply except for "protection" and management. It is no wonder that "public" finance and its military connections are kept private. One official of the Reformed Government reports plainly that the military police and the Special Service Section receive shares of the profits.

II. HEROIN

Since the trade in heroin is not publicly organized, it cannot be statistically reported except by the military police or a few others closely associated with the higher management. An experienced dealer says that supplies come in heavy packages from Dairen and Tientsin by the Tientsin-Pukow Railway, escorted by Japanese ronin and fully protected by the military until they reach distribution centers in Nanking. The chief merchants here are well known, four of them under the title "great kings of heroin". Their selling organization includes some 2,400 persons and the number of addicts is well up in the tens of thousands.

In view of this generous provision of destruction, the conduct of the public authorities is treacherous indeed. They choke the criminal court and the police offices with two kinds of cases which occupy most of their time; heroin addiction and thieving, not seldom compounded. A police officer reports that his department averages 30 heroin cases per day. Because the places of detention are crowded and practically without food, it is necessary to release most of the "criminals" within five days. It is the common complaint in the streets that heroin arrests are made for two purposes: (1) extortion; (2) to maintain the opium business against advancing competition from heroin.

Pure heroin sells for not far from \$300 per ounce. The lower grades, down to \$130, are adulterated with caffeine or with chemicals that have sometimes produced results terrifying even to heroin dealers. Tiny packets of this cheap stuff are sold as low as 20 to 30 cents. Nearly a dollar a day is required to provide much satisfaction, but the results and the convenience are considered superior to the returns from a like amount in opium.

III. THE SOCIAL ISSUE

Here are some hints of what it means to have certainly a fourth, perhaps a third (the police say more) of the population supplied by the government and the military with vicious drugs. A humane Japanese official has testified to his astonishment at seeing young boys and girls in jail, already ruined by heroin. Industrious people are burdened by aggressive, even dangerous demands from any one who has the slightest claim upon them or approach to them, and by abundant robbery. An officer of the tithing system, responsible for 133 families, has recently related his troubles with 66 drug addicts whom the authorities require him to keep in line for buying only at the public stores. Officialdom from top to bottom, including the police, are known to the public to be well represented among the drug users. A respectable teacher groans, "Ten more years of this and there will not be a good person in Nanking". A police officer declares that 20 to 30 bodies of starved heroin

addicts are reported daily by tithing-men to be left on their hands for burial.

As compared with a year ago, the following changes are to be noted: Touting advertisements for opium are no longer to be found in the newspapers or along the streets, whether from official shame or from the familiarity of the trade to everyone. However, the stores and many of the dens have large, plain signs on important streets. All pretence of registration or restriction of smokers has been dropped, and any one may buy at any time in any quantity he can afford. Last year at this time the opium sales system was just being organized, and a great number of agents from surrounding areas came here to buy. Sales in Nanking are now reduced by the development of branch stores all through this region. But the number of opium smokers in Nanking has probably increased and certainly the total number of drug addicts has increased. Heroin is somewhat driven to cover by the dubious prosecutions, though there are crowded sections in which the number of obvious addicts is appalling and where sale is made openly from door to door.

Government and a fair fraction of society are now definitely dependent upon narcotics. Is this "The New Order in East Asia"? If so, all decent Chinese now understand what it means. If not, let those who rule this area undo the hell they have made. Their power and their authority carry full responsibility.

As a Christian missionary, I have prepared this report to share in the great tradition of those British missionaries who steadfastly and with final success struggled against the opium trade conducted by their countrymen, and of those American missionaries who led the international movement against narcotics and continually appealed to the Chinese public until independent Chinese leadership achieved a large measure of success against the disastrous drug. Under any flag, opium is an evil to be countered, a dishonor to those who profit by it, protect it, excuse it.

Nanking, November 13, 1939.

TALE OF A TIN-HORN TRAITOR

Mr. Tang Leang-li has gone to Shanghai and The People's Tribune, English language monthly, for many years published in Shanghai as a mouthpiece of Wang Ching-wei, has belatedly joined the puppet government being organized by China's foremost traitor. --News item.

Tang Leang-li, editor of the Tribune, acolyte of Wang Ching-wei, continued to solicit and accept financial assistance from patriotic Chinese for months after his master had joined the Japanese.

He published the magazine in Hongkong, professed loyalty to his country and his people, and received subsidies from patriotic Chinese individuals and groups with his right hand, and from Wang Ching-wei with his left.

When he was discovered making secret trips to Shanghai for conferences with Wang and his Japanese lords, Tang found he could no longer continue the deception. His magazine has now moved to Shanghai and Tang has resumed his place at the feet of Wang Ching-wei.

A "special number" of the People's Tribune, praising Wang Ching-wei and "explaining" his connivance with the Japanese army commanders, is being widely distributed throughout the United States.

--M.M.

NOTE: Tang is author of "The Puppet State of 'Manchukuo'", published in Shanghai in 1933.

SUMMARY OF CHINA NEWS

"WELLINGTON KOO WHISTLES." When Wellington Koo whistled at the meeting of the League of Nations last week because China had not gotten what Finland was getting, he echoed the thought of many of China's friends. Although he has, ever since 1931, been urging similar action upon the League against Japan, little practical help was ever given him. When Dr. Koo saw the resolution on Finland, therefore, he is reported to have whistled and said, "China got nothing like that."

The difficult position into which China was pushed by the League vote to drop Soviet Russia because of her aggression in Finland, was ably handled by Dr. Koo. By abstaining from voting on the second part of the resolution, which stated that Soviet Russia was no longer a member of the League, but by voting on the first part which condemned the action of the U.S.S.R. against Finland, China maintained her consistent stand against aggression, without taking action which might have antagonized Soviet Russia upon whom she is still dependent for some of her supplies.

JAPAN'S ECONOMIC DIFFICULTIES. A drastic increase in taxes in Japan, the announcement of the highest budget in Japan's history, reports of a bad shortage of electric power for industrial use due to the drought, and announcement of Japan's shipping difficulties caused by the European war have all helped to paint a picture of economic stress in Japan itself during the last two weeks. Tax revisions were announced on December 6, and included heavy income taxes ranging from 6% on annual incomes of U. S. \$150, up to 65% on incomes of over U. S. \$200,000. Following that was the announcement on December 9 of the new budget, which was the highest in the history of the country and showed the tremendous costs of the war in China. The power shortage due to the drought, reported in the December 10 dispatches, is causing an acute problem in industry, since 90 per cent of the industrial power is electric, and over two-thirds of the electric power is dependent on the water supply. Though what power there is is being diverted into the munitions industries, much of the lighter industries have been forced to curtail or even stop production. The shipping difficulties in Japan were reported in Washington by James W. Young, Director of the U. S. Bureau of Foreign and Domestic Commerce.

All of this economic strain upon Japan greatly increases her fear of an American embargo, and, conversely, greatly increases America's power to stop the war by an embargo. Furthermore, Japan's dependence upon the United States for trade has definitely increased since the beginning of the European war, according to figures quoted in a dispatch from Tokyo to the New York Times. The dispatch said, "Japanese exports to the United States, which in August amounted to 54,486,000 yen, had risen for October to 78,553,000 yen, an increase of 44 per cent. Japanese imports from the United States in the same period rose from 68,158,000 yen to 82,857,000 yen, an increase of 21 per cent. This increase was effected despite a fall of 14 per cent in the exchange value of the yen.

That Japan's aggression in China could be crippled by an embargo, and by a more widespread boycott in this country is evidenced in these figures.

GREW AND NOMURA. Ambassador Grew and General Nomura have resumed their talks. Japan has stated, through Yakichiro Suma, Foreign Office spokesman, that it intended "to take care not only of past times in America's list of protests but to make efforts toward constructive adjustment of the future relations between the two countries." Hugh Byas, writing in the New York Times, pointed out that the difference between Japanese and American opinion went deeper than American property rights,

however, "The Japanese are prepared to guarantee American rights, but only within the framework of the 'new order in East Asia,'" he states. "The United States considers the 'new order' is creating a closed economic area incompatible with the principles of the Open Door and equal opportunity."

WAR FRONT. While policy is discussed in diplomatic circles, China's fighters have within the fortnight entered Kaifeng, a city on the Lung-Hai railway, have been pressing from three sides upon Nanchang, have retaken Shako and Huangloamen on the Kiukiang-Nanchang railway, have retained their mountain strongholds in the vicinity of Nanning, making Mapanese advance impossible, and have stopped the Japanese attempt to clear out the guerilla fighters in southwest Shansi. It is a record of consistent gains for China's resistance.

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JAPAN OVER CHINA--AMERICA'S GAIN OR LOSS?

Part I - Quotations and Resume of Bulletin Published by the
American Information Committee, Shanghai, November 1, 1939.
(Part II in Issue 36)

"'Feeling between America and Japan,' declared the Japanese newspaper SHANGHAI MAINICHI, in a recent editorial, 'could be improved if the United States were made to understand they would gain more from the success of Japan's operations in China than by opposing the achievement of Japan's objectives.'"

"We believe the above editorial marks out with striking clarity the line of appeal Japan has been making to America, and one has only to note the Japanese reaction to Ambassador Grew's speech of October 19 to realize that an intensification of such a campaign is soon to be expected. The Japan Times of October 23 declared that the views expressed by Mr. Grew 'simply confirm our belief that America is still in the dark regarding the situation in East Asia.' Mr. Yakichiro Suma, newly appointed chief of the Information Bureau of the Japanese Foreign Office, told his first press conference that from personal experience he had found the American people 'deplorably ignorant of the Far Eastern Situation. In my view, emotionalism forms the basis of American public opinion.' The Asahi Shimbun bluntly asserted that the prejudices and misunderstandings of the American people call for frank rectification.

"The chief immediate reason for the strained relations between Japan and America has been Japan's conduct during her invasion of China. Some 600 cases of violation of American rights are on record. But because the establishment of the 'New Order' is one of Japan's 'immutable policies'; in other words, because Japan is unwilling to modify her actions and aims in China and thus remove the real source of America's grievances, it is America which must be changed.

"The outbreak of the war in Europe has given increased significance to the position of the United States in the Far East. First, neither Great Britain nor France are in a position to defend their interests in China, (with which those of America are unavoidably connected), if Japan should want to exert pressure. Second, Japan is now more dependent on America than before for supplies of necessary war materials, part of which she used to buy in British and French colonial possessions. Third, Japan greatly desires to 'cash in' on the present opportunities offered to her trade and shipping, but can hardly do so until she settles the 'China Affair.' Mr. Toyotaro Yuki, Governor of the Bank of Japan, recently declared; 'It is conceivable that our overseas market will expand due to the reduction of exports from belligerent countries. . . .but we have an enormous demand for munitions to meet as well as difficulties in obtaining raw materials needed to manufacture export goods. There

is also foreign pressure against Japanese goods to contend with.'

"Because of this combination of factors, America, by facilitating or restricting her trade with Japan, has it in her power to help or to restrain that country in its attempt to subjugate China.

"With the expiration of the Commercial Treaty of 1911 only a few months off, we may expect that the Tokyo Foreign Office and the entire Japanese propaganda machine will spare no efforts to persuade America to reconcile herself to Japan's domination over China by promising her alluring profits.

"The purpose of this publication is to present to the American public pertinent facts as a basis for judging these Japanese claims.

"Soon after Japan embarked upon the Manchurian adventure in September, 1931, her spokesmen painted a glowing picture of the opportunities which the Three Eastern Provinces would offer to American business after the Japanese troops had established law and order in that vast, fertile, but 'bandit-infested' and 'misgoverned' country.

"American business prior to that time had been good and was increasing. In the stores of the principal cities American goods could be found in large quantities. Immigration from China added to the population, and--despite later Japanese assertions--the government of Marshal Chang Hsueh-liang, though by no means perfect, did a great deal toward opening up the country, especially through the construction of railways and harbors. Foreign trade developed to such an extent that the Maritime Custom receipts of the Manchurian ports formed one-quarter of the entire Customs revenue of China.

"After the occupation many American businessmen in Manchuria accepted the Japanese claims, evidently hoping to benefit from Japanese organizing ability and efficiency.

"Today, the American concerns doing business in 'Manchukuo' are but a handful and, owing to ever mounting restrictions, are likely to disappear altogether. An inspection of the stores of Dairen, Mukden or Harbin reveals practically no American goods for sale. Efficient Japanese organization has been applied with telling effect; namely, to close the once Open Door.

"'But,' reply the Japanese apologists, 'Customs reports show that American trade with 'Manchukuo' is now three times larger than it was before 1931; does that not prove our contention?'

"A closer analysis of this trade reveals two significant facts which these apologists discretely omit. In the first place, much of our trade with Manchuria was carried on through distributors of American goods in China proper, hence did not appear in the Manchurian Customs statistics. Today, this type of trade has almost entirely disappeared. But even more significant is the nature of the present American export trade with 'Manchukuo.' Most of it consists either of war materials for the Japanese army or of supplies used to build up a Japanese-controlled heavy industry designed to furnish the economic base for their military machine. * * *

"In a recent article Mr. Hallet Abend, China Correspondent of the New York Times, stated: 'The Chinese have shown themselves valiant foes--so valiant that many foreign military experts think China would have been victorious in the first year of the war if she had possessed even half a navy, and had been equipped with airplanes,

tanks, and artillery in adequate quantities.' To put it into other words: Japan's mechanical superiority, which has enabled her to make what military progress she can show today, is due in a large measure to America's willingness to sell to Japan the required war materials. 'Were it not for the United States' assistance, Japan's China campaign would have probably collapsed many months ago,' declared Senator Schwollenbach before the Institute of Public Affairs at Charlottesville on July 6.

"Japan hopes to complete her conquest of China at an early date and to recoup herself financially in the world markets--provided American assistance continues or, preferably, is increased. Lest the United States, after the expiration of the Commercial Treaty of 1911, should decide on trade, credit or shipping restrictions, Japanese spokesmen are now trying, more strenuously than ever before, to convince the American public that trade with Japan is a very profitable enterprise, and that, conversely, American trade with China is not worth defending. * * * *

"Japanese spokesmen insistently remind us that Japan is America's third best customer--as compared with China's position as the sixteenth. They also emphasize the fact that America's trade with Japan results in a favorable balance for the United States. But they fail to mention the very important fact that American exports of peace-time commodities have declined while sale of munitions and war materials have expanded; that is, the favorable trade balance represents profit from war business. * * * *

"The United States was, and still is, Japan's best customer, buying some two-thirds of her total exports, and 90% of her silk. That 'harmless' article, silk, has been the mainstay of Japan's economy and has enabled her to buy the war materials she has required. Her other exports are chiefly manufactured goods, most of which compete directly with American products they can undersell."

With few exceptions American exports to Japan consist of raw material involving a minimum of labor: cotton, scrap iron, metals and oils. Apart from aviation gasoline American petroleum exports to Japan consist chiefly of crude oil which is refined in Japan. American workmen profit little from these exports, except for some highly specialized equipment, while the machinery for Japan's metal and chemical industries is being acquired for the explicit purpose of making Japan independent of America in the near future.

Admittedly United States exports to China are much less than those to Japan, but they are more valuable. They are more diversified and, apart from tobacco, a very large share of the items included in the trade represents the labor of American workmen.

In return nearly two-thirds of the imports from China to the United States include a few raw materials of which America has insufficient quantities, such as tung oil, tungsten, pig bristles, raw white silk, furs and hides. The processing of all these materials involves the employment of high grade labor and produces quality goods of which several are standard articles in American industrial production, some of which are indispensable to American industry.

Furthermore, while the American-Japanese trade carries in itself the seeds of its determination, the Sino-American trade, prior to Japan's invasion, indicated continual expansion. China was on the threshold of a vast industrialization program. The mileage of her highways had been tremendously increased and thousands more were needed, calling for motor cars and petroleum. Railway construction had been resumed, airways multiplied and industrial plants equipped with American machinery extended.

The Central Government in Nanking assured the country a stable government and, due to better transportation, orderly taxation and an expanding rural habilitation program, the standard of living of China's 450,000,000 was slowly but definitely rising. This industrial development moreover was a development of peace while goods produced were almost exclusively consumers' goods destined for the Chinese people.

JAPAN ENROLLS YANKEES TO TALK FOR PROPAGANDA

THEY'LL COME TO AMERICA FOR CAMPAIGN; BUT 'ENLIGHTENMENT' FAILS.

BY A. T. STEELE.

SPECIAL CORRESPONDENCE Of The Chicago Daily News Foreign Service. Copyright, 1939. The Chicago Daily News, Inc. (Reprinted, with permission, from December 14, 1939 issue.)

Tokyo.--No statistician has bothered to figure it out, but it is safe to say that if all the money wasted by the Japanese government in trying to promote a "better understanding" in the United States was placed end to end it would form a carpet of yen notes from the earth to the moon.

The Japanese people have been hypnotized into the belief that the fundamental cause of Japanese-American ill-feeling is the failure of the American public to understand the "true intentions" of Japan on the Asiatic continent. Hundreds of thousands of yen have been squandered in dispatching good-will missions to the United States with the purpose of converting the American viewpoint. The results, as high-ups in Japan are now coming to realize, have been next to nothing.

Nevertheless, the campaign of enlightenment goes on. As this is written a group of lecturer-propagandists in Japanese employ are convened in Tokyo to receive instructions for a new offensive of words in the United States. Most of them are Americans. They are well paid by a semiofficial Japanese organ to appear before women's clubs, service clubs and other groups of a similar nature. Their job is to present a convincing exposition of Japan's case to the American public.

INVITE INFLUENTIAL AMERICANS.

Another aspect of Japan's propaganda efforts is the importation of Americans of real or supposed influence into Japan. The theory is that, after casting their optics on the realities of the situation, these subsidized tourists will return to their homeland as protagonists of the "new order in east Asia." When these junkets are properly chaperoned and the visiting Americans are persuaded to keep on the beaten tracks, the result may be counted satisfactory. The majority of the subsidized travelers, however, insist upon doing a certain amount of independent investigating. In the process they are almost sure to develop doubts and accumulate dangerous thoughts.

The usual itinerary of the official junkets is through Japan and then Manchukuo, where conditions are outwardly well ordered. Visitors are sometimes taken to Peking, but they are not encouraged to go deeper into China. Those who do so discover facts quite at variance with the rosy picture painted for them by their Japanese guides.

In all fairness to the Japanese, it must be said that rarely are any strings attached to their offers of free tours to influential Americans.

ONE REPORTER--COST \$5,000.

Recently, I understand invitations were extended to the publishers of 15 large American newspapers to send representatives to Japan at Japanese expense to see things for themselves. The vanguard of this group, a lone reporter, arrived in Tokyo a few days ago. He told me that the Japanese invitation was accepted only under the condition that he should write of things exactly as he saw them. He reckoned that his trip through Japan, Manchukuo and North China would cost the Japanese government about \$5,000.

Educational leaders and tour bureau managers also are being brought to Japan in numbers for look-see. Japanese officials hope that on their return to the United States they will not only become sympathetic interpreters of the "new order," but will stimulate Japan's tourist business, cut more than half by the Sino-Japanese war.

Conversations with many of these Japanese-financed junketeers has satisfied me that with a few exceptions their opinions about Japanese policies have not been markedly modified.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

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PENDING FURTHER LEGISLATION Write To The President And The Secretary Of State URGING two things which the Administration and the Department of State already have authority to do: (1) Placing a restriction on imports from Japan by which she is able to finance the purchase of war materials in this country. (2) Extending the moral embargo to include aviation gasoline and other materials which contribute to the bombing of civilian populations.

NEW YEAR GREETINGS. Many of you are new readers of CHINA INFORMATION SERVICE and do not know the history of the Service. During the fall of 1937 Dr. Frank W. Price, now in Chengtu, Szechuan; Harry B. Price, now Executive Secretary of the American Committee for Non-Participation in Japanese Aggression in New York; and Helen M. Loomis, Secretary of the China Information Service, returned from China. Dr. Price conceived the idea of serving China by informing others of the situation in China. He directed the work and with the cooperation of Mr. Price and Miss Loomis the Service was started. Support came from missionaries on furlough or retired in the United States and others who had lived in China. Information came from missionaries and personal friends in China in whose records and judgment perfect confidence could be placed. From this small beginning the Service has grown until material is now sent regularly twice a month to a large mailing list.

Support is not on a strict subscription basis, but readers are asked to send \$4.00 a year or \$1.00 a quarter. Larger contributions are solicited and gratefully accepted. Materials now come through from several special contributors in China as well as from the regular sources of information open to many.

THE CHINA INFORMATION SERVICE has in addition to China Correspondents, some named and some unnamed, a small Board of Editors who serve in an advisory capacity. The actual work is carried on in the Washington Office under the direction of Miss Loomis. No individuals or groups either in China or in the United States direct or have any controlling part in the work of the Service. Your continued support is urged during this NEW YEAR.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY
COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, GROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI, CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING,
SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENOTU, SZECHUAN

SUMMARY OF CHINA NEWS

THE KEY BEGINS TO TURN. The fact that the United States has become the key to the Far Eastern situation has become obvious during the last few weeks if it was not obvious before. So far American efforts to turn the key have been passive. But Japan has been working hard to turn it her way.

Talks between Ambassador Grew and Admiral Nomura in Tokyo before Christmas resulted in Japan's offer of opening the Yangtze and Pearl Rivers to international trade....with restrictions. The Pearl River was actually opened to trade on Christmas day.

The Japanese press had been clamoring for a gift from Santa Clause in the form of a new trade treaty with the United States. Although American State Department officials made no comments on the Yangtze-Pearl River promises, and Ambassador Grew's second meeting with Nomura was merely reported to "indicate a mutually helpful attitude toward a solution", the Japanese press decided that its Christmas present was on the way. It showed optimism, seemed to feel that an embargo against Japan was now impossible, and that a new trade agreement would result.

How the Japanese press came to this cheerful conclusion it is difficult to say. By New Year's Day it had already abandoned it, and was grumbling familiarly about U. S. policies.

Meanwhile Secretary of State Hull, on December 20, had extended his plea for a "moral embargo" to include plans, plants, manufacturing rights and technical information on high quality aviation gas. This was directed equally against Japan and Soviet Russia. Senator Key Pittman, Chairman of the Senate Foreign Relations Committee on December 21 stated that he would continue to urge export embargoes against Japan. He stated that he has seen no proof that the Japanese intended to change their attitude toward American rights in China. And indeed, in the same issue of the New York Times in which his statement appeared, there was also the story of the bombing of the American Church Mission and the American Lutheran Mission Chapel at Ichang by Japanese bombers.

The opening of the Yangtze and Pearl Rivers became a point of heated argument in Japan, and the Japanese Diet, called into session on December 26, found it one cause for seeking the resignation of the Abe cabinet. A petition was signed by 240 out of 400 members of the Diet, asking for resignation from Abe and his mates. They, however, stood by what they conceived to be their ship, and refused to resign. The discussion, however, is significant of the growing discontent in Japan. For the first time in seven years the bureaucracy seems to have been broken.

Since New Year's Day, the Japanese Ambassador in Washington has approached Secretary Hull asking for most favored nations treatment in trade relations after the January 26th treaty abrogation takes effect.

Some hope was raised among those here who are opposed to American partnership with Japan, that immediately after the treaty abrogation, a 10 per cent import duty upon things carried here in Japanese ships would have to be levied. This, it was hoped, would cut down some of the American purchases from Japan and would help to upset her foreign trade balance. This hope, however, was blasted when Customs Commissioner Basil Harris dug out the records a proclamation by President Grant made on

September 4, 1872 suspending discriminating duties against Japan. It is a far cry from 1872 to 1940, and something more than passivity is needed in American policy concerning her economic aid to Japan.

PLANES AND PROPAGANDA. A series of military victories for China have been reported over the last three weeks, which have brought on a siege of terrific civilian bombings in western and northern China by Japanese planes, and an intensified propaganda campaign from Tokyo.

The Chinese have fought valiantly near Nanning, close to the French Indo-China border, capturing the most strategic pass to the city, and virtually isolating the Japanese troops in that area. A signal Chinese victory, was reported on January 4, to have taken place in north Kwangtung province. The Japanese offensive there was completely smashed, according to reports in the New York Times.

Chinese have also reported victories in the vicinity north of Canton, although Japanese dispatches have denied these.

Japan, stymied on her military fronts, has sent her planes over the cities of the west and north. For three days, in late December, 101 Japanese planes raided Lanchow, in Kiangsu Province, apparently in an attempt to destroy the highway leading to Soviet Russia. Other planes have emptied their bombs upon cities in Szechwan and elsewhere.

The propaganda offensive has been directed toward breaking up China's unity... the great threat to Japan. A report from the pen of the Times's Hallett Abend appeared on December 26, which told of Japanese efforts at spreading the rumor that Chinese communists and the Kuomintang were about to break off relations. Abend emphasized the real and almost miraculous unity of all China, and showed why Japan felt she must break this unity.

Since then several articles have appeared attempting to tell of differences between communists and the Kuomintang, or attempting to show that communism was spreading and becoming dominant in China. These stories, in the light of Abend's analysis of Japanese propaganda, can be fairly readily traced to their proper source. Such reports are consistently denied by those coming directly from "free" China. Miss Joy Homer, interviewed in New York upon her return from a year's trip in China for the Church Committee for China Relief, stated that the unity behind Chiang Kai-shek was so strong as to be almost unbelievable.

CONCERNING SOVIET PACTS. Talk of Soviet pacts goes on, but two things in relation to the Far East have actually happened in the last fortnight. Japan and Soviet Russia have signed an agreement over the fisheries, which was preceded by an agreement in which Japan promised to pay her last installment on the Chinese-Eastern Railroad. Moreover, Japan paid. And a Japanese delegation is now in Moscow discussing a trade treaty. U. S. Director of Foreign Commerce Bureau "attaches little significance to the commercial value of a trade pact between Japan and Russia," to quote the New York Times. The trade, he says, is of "relatively small volume."

THAT PUPPET AGAIN. After these many months of Japanese promises of a central puppet regime in China, under Wang Ching-wei, agreement between Wang, the various factions of the Japanese army, and the Japanese government seems to have been reached. Terms have not yet been made public, and the significance of the event remains to be seen. So far Wang, traitor to Chiang Kai-shek for over a year, holds little prestige among Chinese nationals.

JAPAN OVER CHINA AMERICA'S GAIN OR LOSS?

(Summary and Excerpts - Part II)

Published by The American Information Committee
Shanghai, China.

America's enviable prospects of increased trade with China, discussed in the previous issue, were cut short by Japan's military campaign in 1937. One pretext for the invasion was "Japan's lack of access to war materials. Reports, however, reveal the striking fact that, during the intervening years, Japan has obtained Chinese sources less coal, iron ore, cotton and other commodities than she bought from China during the two years prior to the war.

Japan's policy as usual, indicates clearly that "access" means "control". Japan aims at nothing else than the complete monopolization of China's natural resources and man-power. Moreover, all foreign business interests in China must likewise be ultimately subordinated to the Japanese program, "understand the New Order in East Asia or be eliminated."

Contrary to frequent reports, the Chinese are no longer migrating eagerly to Manchuria, as they formerly did to improve their financial conditions. They are forced there now by Japan, under contracts for periods of varying length to build Japanese industries or to develop Manchuria's natural resources for the enrichment of Japan.

Ambassador Grew rendered both Japan and America a lasting service when, in his Tokyo speech of October 19, he described this situation in words true to the experience of Americans in China. Said he:

"American rights and interests in China are being impaired or destroyed by the policies and actions of the Japanese authorities in China... The American people, from all the thoroughly reliable evidence that comes to them, have good reason to believe that an effort is being made to establish control, in Japan's own interest, of large areas on the continent of Asia, and to impose upon those areas a system of closed economy."

To date not a single one of the obstacles to American trade in China's occupied areas has been removed, all repeated assurances that third-party interests are being "serupulously respected" notwithstanding.

There are some who contend that even if Japan establishes an exclusive monopoly on China, American trade with this "new China" (that is, a puppet state of the "Manchukuo" type) would be bigger and more profitable than trade with a free China. If this be true, then the trade of North China, under Japanese control since 1937, should for 1938 be fairly representative of the "New Order" or at least offer a good indication of the trend of development.

1938 IMPORTS OF NORTH CHINA AND SHANGHAI

Imports into	Year	USA and Dependencios			Japanese Empire	
		Total Value G. U.	G.U.	%	G. U.	%
Tientsin	1937	36,973,230	4,348,052	11.76	13,665,306	36.96
	1938	101,460,257	9,302,702	9.17	60,866,008	59.99
Northern Ports	1937	27,154,678	4,307,026	15.64	13,213,467	48.66
	1938	37,116,684	2,041,418	5.50	28,768,497	76.70
Shanghai	1937	224,508,948	51,195,269	23.41	35,472,414	15.80
	1938	118,941,142	26,523,349	23.21	20,398,406	17.15

One Customs Gold Unit (G.U.) equal to Chinese \$2.30 or US\$0.67896 (in 1938).

The above statistics might indicate that American trade has not fared so badly. However, American trade as well as all other foreign trade has shifted from other parts to Tientsin, British and French concessions there made this possible. Without these concessions third party trade would have been restricted. In the Northern Ports, however, where no foreign concessions exist, all foreign trade other than Japanese, was sharply reduced. Furthermore, Shanghai, formerly an important transit point for shipments to North China, cannot maintain its former trade importance, due to trade restrictions imposed by Japan. American exports to North China therefore must go directly to Tientsin, "the last crack in the closed door."

The picture of the 1938 exports from North China is even more depressing for America:

1938 EXPORTS OF NORTH CHINA AND SHANGHAI

Exports from	Year	Total Value		Dependencies		Japanese Empire	
		Ch. \$		Ch. \$	%	Ch. \$	%
Tientsin	1937	128,872,306		57,566,762	44.98	28,596,765	22.19
	1938	176,060,947		31,690,971	18.00	98,224,402	55.79
Northern Ports	1937	86,868,625		9,868,276	11.36	32,132,705	36.99
	1938	76,485,776		3,515,267	4.48	47,181,472	60.13
Shanghai	1937	404,671,937		145,432,432	37.53	44,497,724	10.96
	1938	223,038,838		35,162,639	18.68	19,672,026	8.82

The trend (of trade) is quite unmistakable, and is further confirmed by the trade figures for this year.

As regards American trade with free China, the returns of the (American) Maritime Customs are an insufficient guide because they do not include the trade via Hongkong which since the blockade of the Chinese coast assumed more than ordinary proportions. The returns of all ports south of Shanghai (which were open during the greater part of 1938) and of the customs stations along the Indo-China border show imports from America of G.U.27,756,929 as against G.U.16,127,990 in 1937, or a share of 22 per cent against 16 per cent. Exports to America, however, decreased to Ch. \$21,850,293 from Ch.\$22,255,340 or to not quite 8 percent from more than 17 percent. Taking, however, the enormous transit trade via Hongkong into consideration, the share of American imports is estimated at 22 percent, and that of exports at 17 percent of the total foreign trade of free China during 1938.

There is a further characteristic of Japanese economy and her "colonial" relationships which has an important bearing on any attempt to appraise the future of American trade opportunities with China. Japan has been able to flood the world market with her goods because she has kept her working class on a low standard of living not at all commensurate with the advanced stage of her technical development. She cannot materially raise that standard without interfering with an export trade built up because of low wages. And she can never permit the standard of living of any of her conquered areas to go beyond, or even to equal, that of Japan proper. Thus, a Japanese-dominated China would even remain on a standard of living far below that which is possible for a free China developing her own resources, and American trade opportunities would suffer accordingly.

MISSIONARIES FETED IN NANKING
From Shanghai Correspondent

The North China Daily News carried the story of a dinner given by the "Reformed Government" and initiated by the Japanese in Nanking to which fifteen missionaries came. Cabled reports of the story were sent to the United States a short time ago. Our Shanghai Correspondent has sent the following account:

"The dinner was initiated by a Japanese with American citizenship, a correspondent for a newspaper, who wrote the invitations in his own hand. Invitations were sent in the name of the Ministry of Education of the Nanking Reformed Government to all missionaries in the city. They were personally delivered by a cultured Chinese woman who is now principal of one of the government schools in Nanking and who tried to persuade the missionaries to attend.

"The first reaction of the recipients of this invitation was to decline, not because of personal dislike for puppet officials or Japanese, but because they suspected that their attendance would be exploited to the advantage of the officials and the military. They realized however that for all to refuse would place them in the position of boycotting the powers that be. Finally fifteen, ten men and five women, attended the dinner, less than half of the total missionaries in Nanking.

In checking over the statement made by the Japanese military spokesman to a press conference in Shanghai, Nanking missionaries agree that every point of the statement was without foundation of fact. But most astounding of all was the alleged explanation of one of the missionaries' opposition to the Japanese. The Japanese military spokesman reported these reasons: The Japanese had destroyed churches, they interfered so with his freedom of movement, that he could no longer go out to play golf; and they deprived him of his favorite bacon. A careful check was made by the missionaries attending the dinner, and not one could remember having said anything that could have been interpreted in such a light. Certainly, if the purpose of the dinner had been to build goodwill in Nanking, it would not have been reported in Shanghai nor cabled to America as it was."

In another letter the Shanghai Correspondent notes: "It is interesting to note that the UP dispatch mentions the Japanese dinner to missionaries in Nanking as a very significant step in the way of appeasement. Out here, we wonder how seriously such a step is taken. Dinners are mighty cheap. As soon as the opening hostility to foreigners in occupied territory began to abate, the Japanese and the puppets began to extend invitations to dinners. This was done in order that they might explain their position and get the missionaries' cooperation in the building of the New Order --under the Japanese specifications, of course. This Nanking dinner might have been marked by new features, but it is an old story. The report of this dinner, given by Major Nishihara to Shanghai newspapermen is not only a travesty on missionaries and their reasons for being opposed to the New Order, but a serious underrating of the understanding and intelligence of the newspaper men present."

WHICH IS HUMANE?

Recent Press dispatches state that the leading copper company in Denver has announced that it has ceased selling copper to certain belligerent nations. Among those mentioned was Japan.

In contrast with that humane action was the announcement, a short time since, from a Pacific Coast harbor, that a tanker bound for Japan had sailed with the heaviest shipment of high power gasoline for use in airplanes ever billed from the United States to Japan.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

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ISSUE THIRTY-SEVEN - JANUARY 31, 1940

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IS NEEDED NOW

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This issue is long. Look over the index. Read all you can.

WRITE TO SECRETARY HULL AT ONCE

The Secretary of State has the responsibility for recommending to the President and Congress action that he thinks necessary in our foreign relations.

Just now Congress is evidently waiting for some indication from Secretary Hull before seriously considering pending embargo bills.

NOW IS THE TIME to write to Secretary Hull urging an embargo or
some other effective measure to check Japan and to help China
maintain her independence.

SEE ENCLOSED YELLOW SLIP FOR FURTHER SUGGESTIONS
FOR ACTION

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY
COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI, CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING,
SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

SUMMARY OF CHINA NEWS

TREATY ENDS. When the 1911 trade treaty between Japan and the United States became a meaningless scrap of paper at midnight on January 26, hope that America would cease to aid Japan in carrying on her military invasion of China rose here and in China.

Japan's last minute efforts to gain a new treaty, or to exchange notes were to no avail. The U. S. State Department on January 23 told Japanese Ambassador Horinouchi that trade between the two countries would remain on a day-to-day basis, subject to change at any time, without benefit of a most-favored-nation agreement.

This statement was widely approved by editorial writers here. The New York Times called it a sound position, reminded its readers that "we are primarily concerned with the joint responsibilities of Japan and the United States under the Nine-Power Treaty," stated that Japan had violated her pledge in that treaty "wantonly and brutally", and that she will regain the respect of the American people "only when she begins once more to observe it."

The movement to place an embargo upon the sale of war materials to Japan gained momentum. The conference on the Cause and Cure of War, held in Washington last week, approved such a measure. Former Secretary of State Henry L. Stimson, earlier in the month, had written a full explanation of his reasons for urging such an embargo to the New York Times, which has been widely quoted and widely read. The Foreign Relations Committee of the Senate is meeting this week to consider legislation, with Senator Key Pittman, committee chairman, leading the pro-embargo block.

In Japan, some anger has been shown at American refusal to draw up a new treaty. But on the actual day of the treaty's expiration, attention was drawn to British seizure of 21 German seamen aboard the Japanese ship the Asama Maru. Strong anti-British sentiment was fanned by demonstrations, and foreign observers considered it a deliberate attempt to draw Japanese attention away from the death of the American treaty.

NEW CABINET IN JAPAN. Leading up to the events of January 26, there has been a series of efforts on the part of Japanese government leaders to "improve relations" with the United States, which culminated in the resignation of the Abe cabinet, and the appointment, on January 15, of Admiral Yonai as Premier. Considered a "liberal" and a friend of the United States, Admiral Yonai's appointment was interpreted as an effort to gain American sympathy.

This new cabinet upset points once more to severe unrest in Japan. Yonai is the fourth Premier Japan has had since the beginning of the undeclared war in China.

In Chungking it was stated that "the identity of the Japanese Premier" made no difference to the war of resistance which the Chinese Nationalist Government is carrying on with increasing strength and determination. Foreign groups in Shanghai were convinced that Yonai represented the "same old clique".

MEETING OF THE PUPPETS. Japan's white hope, Wang Ching-wei, met with other Japanese puppet leaders in Tsingtao last week, to draw up plans for his proposed central puppet regime. Earlier in the month Mr. Wang had succeeded in making himself look ridiculous to China and to the rest of the world, when he wired Generalissimo Chiang Kai-shek, asking him to end his resistance and make peace with Japan.

On January 20, Wang made even clearer his position as a Japanese puppet when he stated to the Japanese news agency, Domei, that the government he was planning to form would follow a foreign policy parallel to that of the Japanese government. By January 23, all of China was aroused, and deeply angered at the traitor, when two of his former colleagues disclosed documents which they claimed showed the terms on which Wang was signing with Japan. The agreement as reported would make China a second Manchukuo with Wang as its puppet ruler. This exposure of Wang's terms, and the tremendous feeling throughout the entire country against him, may have seriously hampered Japan's scheme. Wang, however, boldly met with his Japanese advisors in Tsingtao, and plotted to give China over to her invaders.

MISCELLANEA. Following the Hull announcement of the extension of the "moral embargo," a number of American oil engineers were withdrawn from Japan....A new system of short-wave wireless alarms has been devised by the Chinese Army which gives warning of surprise attacks by Japanese planes. It has enabled the civilian citizens to evacuate their homes, and the army to hide its supplies and planes, leaving the Japanese bombers no targets....Japanese spokesman accused U. S. Navy program of being a threat of aggression, but when asked whether Japan's policy of refusing to exchange information on building programs was not the contributing cause to the renewal of Japanese American competition, he said that "the Japanese Navy was not in a position to exchange information..."....Japanese campaign of propaganda reached absurd heights last week when Japanese reported a Chinese plot to kill U.S. Ambassador Nelson T. Johnson.

FREE CHINA'S OUTLOOK FOR THE COMING YEAR

By John Ahlers

(Reprint from THE CHINA WEEKLY REVIEW, Dec. 30, 1939)

Can China hold out for another year? This question was asked two years ago after Nanking had fallen into Japanese hands. It was asked again at the end of last year when China had not yet overcome the effects of the Nipponese capture of Canton and Hankow. Today, with the disappointment over the fall also of Nanning not dissipated, it is being asked again. From the economic and financial angle, the answer to this question, just as at the end of the past two years, is in the affirmative. The maintenance or breakdown of China's power of resistance to Japan in 1940 will depend decisively on military and political developments. There are no indications that the new year will threaten Free China with economic and financial collapse so long as the Chinese armies continue to fight, and the Free China politicians continue to cooperate.

There will be in 1940, as a matter of course, another series of great economic and financial difficulties in the Free China provinces, but indications are that these difficulties will be overcome just as during the critical year which is now coming to an end. The problem of domestic war financing will be the chief worry of the Minister of Finance. Recent total war expenditure on behalf of the Chinese National Government appears to have amounted to about \$200,000,000 in the monthly average. Other expenditure would seem to have been around \$75,000,000 monthly, so that Dr. H. H. Kung will have to provide for an aggregate revenue of \$275,000,000 to meet current expenditure on war and peace items. Chungking's genuine revenue from taxation, Customs, government enterprises, etc. of late months has been somewhat less than \$100,000,000 per month, so that some \$180,000,000 or \$190,000,000 had to be borrowed every month. New domestic bond issues, designated alternatively as military supply loans or as recovery loans, during 1939 amounted nominally to \$300,000,000 every two months and provided cover for the bulk of the war deficit. Foreign credits and donations covered the remainder of the deficit. The National Government thus managed, though precariously, to make both ends meet financially.

It is approximately within the limits of the above figures that Free China will have to carry on, in budgetary matters, in 1940. With the war going on, there are no prospects of genuine revenue reaching expenditure, although there seems to be possibilities of substantially increasing such revenue by means of stronger taxation of big landed property. Half or more of Free China's expenses will have to be covered through the flotation of domestic loans. Probably something will be done to make some of the new loans more attractive to the public. The bulk of the loans, however, will have to be taken up by the Chinese banks, and the Government banks will have to increase correspondingly their note issue, in accordance with a continuously upward movement in the level of prices for all sorts of foreign as well as domestic commodities. The Chinese banks, their resources and the general situation duly considered, should be able to digest the new loans. Any substantial new foreign loans, of course would greatly alleviate the situation. A foreign loan of U.S.\$200,

000,000, for instance, would be sufficient to provide the National Government with all the war funds required for a whole year. Negotiations for additional foreign loans are at present going on, though it is unlikely that so large an amount will be forthcoming.

Chinese national currency, at the exchange rates at present prevailing in the open markets, appears to be comparatively well defended. Shanghai valuation of national dollars may decline after Chinese New Year, but foreign exchange rates in Free China need not necessarily follow suit. Free China's balance of payments during the past six months has been well maintained, and had not the Chinese Government banks in the first half of 1939 spent huge amounts of foreign exchange upon Shanghai, the banks would enter 1940 with larger exchange funds than they were able to show on New Year's Day of 1939. The foreign exchange rate of the Chinese national dollar has declined so strongly that the present note issue of the Chinese Government banks need not exercise further pressure upon that rate. The total Chinese note issue on New Year's Eve 1939-40 will be around, or slightly above, \$3,000,000,000 which at current Shanghai rates equals some U.S. \$250,000,000. There continues to be behind this note issue an exchange coverage which is substantially higher than the coverage which Japan can provide for her yen circulation, not to talk of the worthless puppet currencies circulated under Japanese auspices in occupied China.

The extension and improvement of Free China's foreign and inland communications and transportation is economically the most important problem next to that of domestic war finance. All the more important seaports on the South China coast have been either captured or cut off by the Japanese, and the minor ports may be lost or become useless as well. In these circumstances it would not appear reasonable for Free China to try to build up another substantial foreign trade via the small ports which continue to remain under the National Government's control. For the remainder of the war, Free China has to rely chiefly upon overland communications. The fall of Nanning has not yet interrupted the Lungchow transport route. Via Lungchow, over roads which spread in four directions, foreign supplies continue to pour in large volume into Free China. Nanning may yet be taken back by the Chinese, but war always had and continues to have its hazards, and the Japanese may be able to hold Nanning and penetrate to Lungchow. That would leave Free China only the Hiphong-Kunming Railway, which now is to be doubled by a motor road from the Indo-China border to Kunming; the Burma Road, which is being partially doubled by a railroad under construction between Kunming and Hsiakwan; and the various northwestern routes into Russian territory. This is not much but might be sufficient for Free China's needs of foreign transportation if inland communications are further improved.

Apart only from the Burma Road, the foreign communications of Free China at present appear to be in good enough shape to effect all the foreign transport required, and to carry into, as well as out of, Free China much larger supplies than actually are being carried now on these routes. The major problem at the moment appears to be a rationalization of inland transport routes and services within the areas situated between Kunming, Lanchow, and Kweilin. Treatment and servicing of motor vehicles requires great improvement; military and civilian motor services must be better coordinated; profiteering on national through-communication on the part of local and provincial authorities and privileged circles will have to be abolished. Many commendable measures in those directions have been taken during the past few months and will bear fruit in the year to come. American transportation experts are just now at work to bring about further improvements.

The foreign trade problem of Free China is one mainly of transportation. If the aforementioned improvements in overland traffic materialize, the provinces under the National Government's control will be in a position to strongly expand their exports, and those exports will permit an increase in imports of consumption goods. The present Free China situation is characterized by an over-supply in many untransportable exports commodities, while there is in many regions an enormous shortage in foreign and Shanghai industrial products for general consumption. This paradoxical situation can be relieved only by better communications.

Industrialization in Free China continues to advance at a pace which is slow in the light of requirements, but which is rapid when compared with the past. The National Government, as a matter of course, chiefly encourages industries which are of importance, directly or indirectly, for national defense purposes or for the acquisition of foreign exchange. Purely private initiative has a wide open field in the development of industrial production of goods of general consumption though as yet it does not appear as if everything has been done that could have been done in this field. Certain Shanghai Chinese circles have shown commendable initiative in this direction, and have been rewarded by unexpectedly large profits, but Shanghai as a whole has not yet grasped the enormous industrial potentiality of Free China even during the present war circumstances. In some respects, overseas Chinese from Batavia, Singapore and Penang have shown more industrial enterprise in Free China than Shanghaianders. However, if only the present extent of industrialization in Free China is maintained, the new year will see those parts of the country not only hold out economically, but make further advances in the field of economic development.

ARE JAPAN'S CARDS ACES OR DEUCES?

Excerpt from radio talk by Raymond Gram Swing
Mutual Broadcasting System
January 11, 1940.

I want to ask those of you who heard me last night to bear with me if I repeat that the approaching crisis in the relations of the United States and Japan is reaching the acute stage. The United States government is bringing the pressure of silence on Japan as the deadline of January 26th approaches, when the trade treaty expires. I want to go on with that analysis to include some factors for which I had no time last night. I want to mention the cards that Japan still has to play and to look at these cards closely. For they are going to look like aces.

The first is that if the United States isn't careful Japan will be forced into the arms of the Soviet Union. This is a card which the Japanese count on heavily to impress American opinion. The Japanese and the Russians have reached two minor agreements, one about fisheries, one about a frontier commission, and are to start discussing trade relations a few days before the expiration of the American treaty. Yesterday, Mr. Shiratori, the Japanese diplomat who played a key part in trying to turn the pact with Germany and Italy, the anti-comintern pact, into a military alliance, suddenly switched his opinions. He came out with the recommendation that Japan make a military alliance with the Soviet Union, doing so, it was announced, after he had talked with the Italian ambassador in Tokyo.

CAN JAPAN AND RUSSIA
WORK TOGETHER?

The inference is that the one time anti-comintern pact would grow into a pact of all the totalitarian states. Against whom? Obviously the democracies. Such a card either is an ace or it's a two spot. Either Japan and the Soviet Union can naturally work together or they can't. Either their interests can be harmonized or they are by their nature conflicting. One can argue that Germany and the Soviet Union did the unexpected and joined hands. But all that separated them was ideology. What separates Japan and the Soviet Union is basic policy. They both want to dominate eastern Asia. Well, why can't they divide it up? Let Japan have one sphere of influence, the Soviet Union another. Let Japan have northeast China, the Soviet Union northwest China. That possibility is being mentioned. But the so-called communists in China would not forgive Stalin if he made such a deal with Japan. For then Japan is the one great enemy. Japan must be driven out of China. They are the ones who forced the anti-Japanese pace in China. If Stalin compromised with Japan he would lose his hold over the left-wingers in China.

There is another difficulty in Japan making a pact with the Soviet Union. The Japanese people would be horrified. It may be possible for Stalin to get away with preaching anti-fascism one day and then embracing Hitler the next. But it wouldn't be possible for the Japanese government to become an ally of the Soviet Union after all the years of education on the dangers of communism and the fundamental antagonism between Japan and Russian interest. A further consideration that makes a Soviet alliance unlikely, it would put Japan out of world markets, and Japan needs world trade. It would like world trade right away, would like to make some money while the war is on. Japan can't get from the Soviet Union the supplies it needs, nor can it sell the goods it makes. The danger, then of a Russo-Japanese alliance is really not to be taken seriously, it is a bogey to frighten American opinion.

CARD NUMBER TWO The second card the Japanese have to play is that if the United States doesn't accept the new order in China, and applies an embargo, Japan will be forced to do some colony grabbing, starting with the Dutch East Indies and including the Philippines. In other words, Japan will go on the war path. Now this card looks like an ace too. But the Japanese aren't in a position to take on any new wars. Their resources are strained as it is. They have conquered the strategic position in China, but they haven't begun to conquer China. They can't afford to extend their military commitments, and they haven't the money to pay for a naval war, particularly one that might last two or three years. The threat of Japan going to war is made largely because in Japan they have been taught that American public opinion is against war, and all that Japan has to do is to mention the possibility for the United States government to pipe down. If Japan really had to choose between changing its policy in China and a war with the United States it would change its policy in China. That is the opinion of some of the closest students of Japanese affairs. So the talk of a possible war must also be counted as a two spot and not an ace.

JAPAN'S PUPPET GOVERNMENT IN CHINA The third card Japan has to play has to do with the new puppet government of Wang-Ching-Wei. It is probably going to be launched as an anti-communist government, so as to curry the favor of American opinion. Japan, Manchukuo and the puppet government of China will become a new anti-comintern pact. They are going to fight communism in China, and Americans are expected to endorse that objective.

But it needs to be understood that the communist movement in China, the one identified with the Eighth Route Army, has about as much to do with the orthodox communism as do the social Democrats of Finland, who are a large element of the Government now at war with the Soviet Union. In China they are called communists, but the programme of Mao-Tse-Tung, the Eighth Route leader, calls for only limited socialism. He wants state control of banks, transportation and mines. He wants democratic elections, consumers and producers cooperatives, and encouragement to private enterprise. The correct label for such a program is right-wing social democracy, which is anathema to true communists, anywhere outside of China. The communist area in China, a region about as large as California and Oregon, has a population of thirty-five million, say a tenth of the country. Mao-Tse-Tung wants China to be ruled like a democracy with a two party system, the Kuointang as one party, the communists the other.

So here the Japanese are playing on the magic of a frightening name, whereas the reality is something quite different. I have already mentioned that Soviet influence over the Chinese communists would be lost if Stalin made a deal with Japan. The war in Finland already has reduced that influence. And the danger of the rise of the Moscow brand of Communism in China appears to be remote, to put it mildly.

One word more about the United States policy in China. Henry L. Stimson, former Secretary of State, came out this morning for the embargo on the sale of war materials to Japan. Another proposal, made by Evans Carlson, who I have quoted before, is that Congress pass a law authorizing the President to apply an embargo. Mr. Carlson believes that if Congress passes such a law, it won't have to be applied, the Japanese theory up to now being that the American people really don't mean what they say about the Far East. Mr. Carlson thinks that if the authorization of an embargo is enacted, then the Japanese will see that this country is in earnest, and then fruitful negotiations can begin. Both Mr. Stimson and Mr. Carlson want the same thing, to get the Japanese army out of China, and both I gather are ready for generous treatment of Japan in all ways once the Japanese civilians get real command of the Japanese government.

CHINA WILL GO ON FIGHTING

Madame Chiang Kai-shek

(Extracts from letter to H. T. Timperley, London)

Whatever happens, we in China will go on fighting - until the end. So far we have endured unparalleled human suffering for 29 months, and we can go on "taking it." One thing we will not take is peace on Japan's terms, or any peace impairing our complete sovereignty. * * *

Even Wang Ching-wei will find it impossible to create anything like the semblance of a "government" under the dominance of the Japanese. As for creating a puppet army to fight the National Army, no knowledge of China is necessary to find the answer to the question which the Generalissimo posed a few days ago: "If the Japanese 'invincible' army cannot defeat the National Army of China, how can any puppet organization do so?" Of course it is obvious that if the Japanese are so foolish as to help arm the puppet forces, the majority of the units will, in time, desert and join our forces. So there does not seem to be much hope for successful outcome of this plan of the Japanese to escape the disaster which they are facing.

We have now over a million new men, trained and equipped, ready for the field, and an equal number is being drilled so that we may, when we judge the time to be propitious for a counter-offensive on a large scale, launch it with the certainty of victory being won by us.

Whether or not the Allies do help us, we shall continue fighting. If our country is desolated in our attempt to save it, then that will be so much the worse for the Allies in particular and the world in general. The way to prevent the latter is for the Democracies to cease supplying Japan with the means to bring eventual chaos to Asia. That they should do, in any case, as a measure of justice to China, who placed her faith in the League of Nations, and in treaties, and -- lost. Or was she betrayed?

WARTIME CONDITIONS IN CHINESE INTERIOR

Extracts from letter written to H. J. Timperley by Mr. W. H. Donald, Confidential Adviser to Generalissimo Chiang Kai-shek,

I expected to see some change in the landscape when I returned after an absence of four months. I did see a change, though not the one I expected. I saw hundreds and hundreds of new houses and an air of solidity and activity that was surprising. The atmosphere here was one of indifference to Japanese raids and purposeful in the drive to keep not only the machinery of Government but the economic establishments running full tilt. * * *

The spirit that prevails here may be judged by the optimism shown at the recent conference of the Chungking Provisional People's Political Council. It wound up a 15-day session on October 16, and, among the decisions were the opening up of new settlements on the outskirts to be supplied with city water and to have a park available to the residents; to develop transportation facilities for commuters between the suburbs and the city, and to build a steel bridge over the Yangtze River, as well as around the city tramway or an underground railway service to connect the terminus of the new railway now being laid between Chengtu and Chungking with the city proper.

This program would seem to indicate that peace prevailed and the prosecution of resistance was quite easy. But that is the stuff that has enabled China to carry on for 5,000 years in spite of all manner of natural calamities and conflicts with the barbarians. * * *

Quite a lot of things are being produced here. The demands for hardware and glass for new buildings caused hinges, locks, and window panes to be made locally. But even had that not been possible, the new buildings would have gone back to the Peking styles where, as you know, the Chinese houses were not blessed with hinges or metal latches. Nor was glass used in the windows. Paper windows will appear here if anything happens to the glass producers.

Gasoline is high in price, but there seems to be no diminution in the number of motor cars that are rolling about the streets and highways. Most of the hand-drawn vehicles are now wearing old motor tires, and the coolies are hauling much greater loads at a much higher rate of speed with much greater ease. So the war is doing a lot for this western country, apart from opening up its spacious lands and developing its raw material."

CHINA MISCELLANEA

NORTH CHINA (NCC Bulletin IV-12) From Mr. Rees' broadcast comes the following "Reports from North China continue to show that the situation is so serious as to justify the phrase that has been used: 'The worst disaster in the history of North China'. There is in Peiping a very capable and experienced group of men and women, British and American, Protestant and Catholic, who are associated together in a co-ordinating committee of the Christian churches. Careful reports and maps have reached us. The areas involved stretches from the Great Wall to Tientsin, down south along the line right into Shantung province and also down the other railway from Peking through Paotingfu as far as the Yellow River. That is to say, most of Hopei and North Shantung are involved.

"The size of the disaster is staggering. The estimate of our friends in Peking is that there are now 4,000,000 people on the verge of starvation (three million in Hopei and one million in Shantung). It is also estimated that as many as 17,500 villages have been destroyed, with all that that means in the human lives of mothers and fathers and little children."

POVERTY IN HANGCHOW. (Occupied). As the days get colder death takes a heavy toll; food, clothes, bedding--either none or insufficient. There is no power of resistance. Numbers of families get up late or go to bed early in order to exist on the least possible amount of food--one meal of something in the middle of the day--that "something" may be a little thin rice, or it may be a little flour made into a paste with a little cabbage added, or potatoes, or if more fortunate they may have rice and vegetables. Some still manage to have an evening meal, too, but lately prices have soared so high that they have had to give up that. Many are now living on turnips and the mothers and children eat less in order that the father or brother may have enough extra to have strength to work. . . Of the children round in parts of the city and outside too, quite half have no breakfast now . . .

To realize something of the suffering of the people at this time one need only look over the group of 200 or so, men and women, young and old, who come twice a week to our mission. There are rickshawmen, with barely strength to pull, valiantly carrying on; there are the blind (and these have increased greatly of late); the cripples (some are men taken for coolie work and badly treated). There is an old woman of 70 who has to move with a stool. Her bandaged head tells its own story. She was injured entering the city gate, not quick enough in understanding the sentry. There are other women with dreadful bruises on leg or arm for the same reasons.

CHINESE AIR FORCE BOOSTED: Within the past two years, according to Manila reports, a total of \$4,030,000 was remitted to China by overseas Chinese residing in the Philippines for air reconstruction in China. Additional funds are being collected for the same purpose. At the cost of \$100,000 each, this donation alone could purchase a squadron of 40 war planes alone.

CHINESE SPIRIT: Following the disastrous rout of the Japanese forces which had attempted to capture the city of Changsha, Hunan Province, in early October, a trained observer paid a visit to the region. His story of the unquenchable spirit of the people there, and the part the peasants played in the fighting is indicative of the united front of the mass of the Chinese people today in their fight for independence.

No Half-Open Door In China

By Mrs. George A. Fitch

AMERICANS will realize some day that the "Open Door" in China is more pertinent to our future prosperity than anything that happens across the Atlantic. It is a cardinal point in our foreign policy. American foreign policy has stood for three things: (1) The Monroe Doctrine for the western hemisphere; (2) Disentanglement in Europe; (3) The "Open Door" in China.

I am not here discussing whether the world is so closely-integrated a community today that we are more concerned in the affairs of Europe than previously. I do maintain that there abideth in our foreign policy three things, and the greatest of these is the "Open Door."

What does the "Open Door" in China mean reduced to the simple common denominator of one individual's experience? Or rather what does *the closing of the door mean*? Is one like my husband, ambassador of good-will for thirty years, to desert his Chinese colleagues and friends the moment they face danger and distress? And yet because during a few months in this country he told the truth about conditions in the "occupied areas" of China, the Japanese said: "We will not allow George Fitch to land in Shanghai when he comes back!"

Suppose my husband and I *could* return to our home in Nanking, what would we find? That it had been looted several times by disorderly, half-drunken Japanese soldiers. This in spite of the American Embassy seal *and the Japanese Embassy seal* on the door. The *civil* authorities had no control over the Japanese *military* in those days when 50% of the homes and 80% of the shops of Nanking were looted and burned. There was no more respect shown for foreign property than for Chinese.

The Yangtze River was closed to all navigation and commerce; except that which the Japanese monopolize since the Japanese occupation of Nanking and Hankow. Japan's "new order in Asia" is the preamble to the closing of the "Open Door" in China.

Secretary Hull uttered words over a year ago which I wish he would repeat today for all the world to hear: "Our concern in the Far Eastern situation is not measured by the number of American citizens residing there at a particular moment, nor by the volume of our trade. There is a broader and much more fundamental interest, which is that *orderly processes in international relationships be maintained.*" America does not yet know her own strength. I submit that the United States, the nation which turned the tide in the last great war, the nation stronger and more nearly self-sufficient than any other country today, the nation without whose help no war anywhere could long endure, the United States can today both prevent and stop wars if we rise to our political and economic maturity.

Why does the "Open Door" in China mean more

to us than anything that happens across the Atlantic, despite the fact that Europe gets all the news headlines today?

Because we have a prospective market in China of something approaching \$750 millions per annum. This is more than potential. Except Japan had been able to conquer China, to consolidate her gains, and to control the vast China market for herself, this was our prospect as China entered upon her industrial development.

China has an area larger than that of the United States, a population we say of about 450,000,000. Professor J. Lossing Buck, observer for our U. S. Treasury Department in China, says that if an accurate census were taken the figure would be more like 600 millions. China bought 17 cents per capita. Japan, an industrial country, bought \$2.08 per capita. One is nearly twelve times the other. Visualize the industrialization of China—already well launched before Japan made her unwarranted attack—multiply by ten, and one can think in terms of a trade of \$750,000,000 per annum. Our trade with the United Kingdom is only 500 millions. I base my figures on the report of C. H. French, former chairman of the Shanghai Chamber of Commerce, to the American Chambers in national convention in Washington last May. Mr. French further stated:

"During war, trade dislocation is to be expected. But we cannot view with equanimity any organized attempt to exclude us permanently from an area wherein our trading rights have been so clearly and so justly established as in China."

Is there any "Open Door" today in Formosa or Korea or Manchuria, except a temporary trade in necessary war supplies? If Japan should win in China (which I do not grant now, no matter how long America prolongs the war by selling supplies to Japan), she would exploit the 450 millions as serf labor, and seize China's rich raw materials—her coal, pig iron, copper, antimony, tungsten, zinc, manganese, tung oil, etc.—to flood the world's markets with cheap manufactured goods. That does not spell prosperity for America. That does not help solve our unemployment problem. That way lies neither peace in the Far East nor an "Open Door" in China.

There is no other country in the world wherein America has so much at stake, actually and potentially, as in China. Nowhere else do we find ourselves confronted with the need of such immediate and effective action to safeguard our interests. All tests of public opinion indicate the practically unanimous sympathy of the American people with China, and yet, as H. H. Kung, Finance Minister of China, has said: "Amazing insanity—instead of helping us, you are helping Japan!"

China is fighting for her very life against Japan

No Half-Open Door In China

plus our aid. We are confronted with two alternatives. We may passively continue to cherish the hope that China will win and thereby "keep us out of war" and restore a just peace in the Far East; or we may take the step we ought to have taken long ago to get out of Japan's war on China and make China's fight against aggression a certain victory. The trend towards this step meets with the unqualified approval of every well-informed citizen. Our future trade in the Pacific is at stake and any policy of appeasement can only serve to aid the measure of our ultimate humiliation.

Adherence to the "Open Door" agreement of the Nine-Power Treaty constitutes an insuperable obstacle to Japan's objective. She will call the Treaty obsolete. She will seek to guarantee us three times our present

trade with China, if we will forget the "Open Door" and give her certain trade monopolies. She will promise us almost anything if we will recognize her "new order in Asia." We must insist on respect for the Nine-Power Treaty and equal opportunity of trade in China. To every diplomatic trial-balloon, to every trade group, to every good-will mission, to every propagandist, we must say in no uncertain tones: **"NO HALF-OPEN DOOR IN CHINA"** Less than that is to betray China who put her faith in our Washington Conference. Less than that is to sacrifice our own peace and prosperity to the military-clique who eight years ago initiated this return to brute force, to the kind of world where treaties are no longer binding, wars no longer declared, and human life no longer sacred.

First Lady Enlists In Plan to Aid China

Becomes Honorary Sponsor of Move to Establish Industrial Cooperatives as Help For 60,000,000 Refugees From Invasion

By Jessie Ash Arndt

The Post Club Editor.

The Chinese Industrial Cooperatives have enlisted the interest of Mrs. Roosevelt, who has consented to be an honorary member of the national sponsors' committee.

The story of the cooperatives and their place in the rehabilitation of the millions of Chinese refugees was told to the First Lady by Miss Ida Pruitt, who is spending a few days in Washington. Yesterday Miss Pruitt told it again at a luncheon meeting of the Young Workers' Group under Dr. Frederick A. Blossom at the Library of Congress and last night at a meeting sponsored by the Consumers' Services, Inc., at the Mount Vernon Place Methodist Church.

She has been in Washington several times since coming to this country in the late fall for the purpose of enlisting interest and support for the project. Development of Chinese industry on a cooperative basis, she said, serves the three-fold purpose of providing goods needed by China with its factories demolished and 60,000,000 homeless refugees; giving work to these people and developing resources that enable the country to help itself.

There are now 1,500 cooperative units in operation, each employing 20 to 30 workers. There are also 500 members on the central staff, paid by the Government—later to be paid by the associations as they become self-supporting.

More Than 60 Kinds Of Goods Are Made

These groups are making more than 60 kinds of goods, she said, meeting the needs of people in the districts where the small industries are located. Most of them make and sell over the counter, all in the same building. One-third of the industry is devoted to textiles.

Linen and wool are being substituted for cotton, said Miss Pruitt. At first, wool from the sheep in the Northwest continued to be sent down into Peking by camel caravan as it had been before the war. There the Japanese were establishing a monopoly on it, as they have also on

cotton, coal and iron. To circumvent this, the people now are being taught to spin and weave their own wool for their own use and to plant food instead of cotton.

Yellow River alley refugees are being moved to the northwest as fast as possible to help start the wool industry. West China Union University and Nanking University, both at Chengtu, are giving technical assistance in developing dyes from indigo, acorns and the earth and the government has ordered 400,000 blankets. Last year some soldiers were frozen to death because there were no woolen blankets in China. Mme. Chiang Kai-shek has also ordered 18,000 padded suits for soldiers in the north.

Mme. Chiang is sending her soldier orphans into Westsichuan to work in the wool industry, where they are organized with the local people, giving them a place in the community.

'Living Buddha'

Turns Interpreter

There, too, is where gold is located, Rewi Alley, New Zealand engineer, studied the prospects for placer mining and has started many gold-washing cooperatives, with Chinese, tribesmen and refugees. The tribesmen, who are much like Tibetans, at first drove the Chinese away but, as soon as they learned of the war, they expressed a desire to help and only required assurances of the integrity of those sent into

the gold section. One of the "living Buddhas," bored with being a "god," has joined the central staff as an interpreter and is advising other young men to cooperate in the work, said Miss Pruitt.

In every section raw materials and natural resources are being used as they never have been before. Vegetable oils, of which there is an abundance, are being made into soap. Experiments are in progress to convert grasses into textiles of a heavier weight than those for which they are now used. Absorbent cotton is being made from linen fibers.

Five or six machine shops have been set up, said Miss Pruitt, to build small machines, printing presses, spinning wheels, looms, charcoal-burning engines and springs for motor cars.

Printing cooperatives are among the most popular because Chinese are eager for news and the written language is the same throughout the country. In one town the making of crackers is a specialty—for crackers are easy to carry when air-raid sirens sound and the people must scatter into the country.

"What kind of shelters do they have?" Miss Pruitt was asked.

Mingling of Refugees

Is Unifying Nation

"Usually no special ones," she said. "They often go into the graveyards, which are near every town, and sit under the shelter of trees or near a wall. I have done my time in the graveyards as well as in dugouts. There is little hysteria or panic among the people. They run for shelter, stay there until the "all clear" signal is given, munch their crackers between times, and then return to work. If a town is bombed in the daytime, they start rebuilding it that night."

The mingling of peoples as refugees move back into the in-

terior, as well as the war itself is uniting China, said Miss Pruitt. The cooperatives, organized on a national basis, are building up a spirit of unity and an era of democracy throughout China which will endure long after the ravages of war have been forgotten, she believes.

At the head of the central association for the co-operatives are engineers, many of them trained in this country, some of whom left fine jobs in Shanghai to help with the organization. There is also a junior staff whose members go into the cooperatives as officers or become inspectors. Their work is to assist with organization details and help maintain the morale of the people.

They start literacy classes for older men and women and schools for children as well as promote health and sanitation.

Many of the leaders in the movement whose unselfishness and vision have given it impetus have been of the Christian faith, said Miss Pruitt.

Work is being carried on by the co-operatives in every province of free China and in some guerrilla areas. The more that are organized, the more people will be kept from starving.

Each \$5 contributed in America puts a man to work and enables him to feed his family, said Miss Pruitt. As soon as it is paid back to the revolving fund, it goes to another and thus the movement grows and becomes self-perpetuating.

Miss Pruitt was born in China of American parents and loves the Chinese people. She brings to her audiences more of their spirit of hope in a new order than of the despair of a people beset by a ruthless enemy.

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CHINA INFORMATION SERVICE

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WRITE TO SECRETARY HULL - WRITE TO YOUR CONGRESSMEN

THE NATION for February 3 states that there probably will be a delay in the embargo enactment by Congress "unless those opposed to aid for Japan are more articulate than they have been in the past." Whatever the cause, action on embargo is delayed.

On the other hand, interest in granting loans to China has increased, as evidenced by the passage on February 13 of the bill to increase the capital of the Export-Import Bank by \$100,000,000. This increase permits loans to Finland and China. Shortly before action by the Senate, a letter from Secretary Hull stated that the Administration has no thought of invoking the Neutrality Act either in the conflict between Finland and Russia or in the one between China and Japan.

WRITE TO THE SECRETARY OF STATE AND TO YOUR SENATORS AND REPRESENTATIVES in support of the curbing of war sales to Japan and in support of extending loans through the Export-Import Bank to China.

FRANK W. PRICE, who has been writing weekly letter, "NEW CHINA," is ill in Chengtu with para-typhoid and will not be able to send his letters for some weeks. This announcement is made with the hope that Dr. Price will make a steady recovery.

AMERICAN COUNCIL, INSTITUTE OF PACIFIC RELATIONS, 129 East 52nd Street, New York, presents three popular pamphlets on the Far Eastern crisis: America Holds The Balance In The Far East, by Robert W. Barnett; Deadlock In China, by Lawrence K. Rosinger; and Our Far Eastern Record: A Reference Digest On American Policy, edited by William W. Lockwood. The cost is 25 cents each.

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SUMMARY OF CHINA NEWS

Factory Shut-Down in Japan. Even more significant than diplomatic exchanges have been the recent reports of power shortage and the closing down of factories in Japan. When factories in the central manufacturing districts, such as Osaka, Kyoto, and Kobe, must be closed because of lack of power was due to shortage of coal and of water. The lack of water has been caused by recent droughts. Lack of coal is due to the heavy demands of war upon the coal supply, and to a shortage in skilled workmen. A complete stoppage of factories for fourteen hours occurred on January 31st. Drastic restrictions on the amount of power to be used by factories are now being enforced. Foreign observers feel that there will be little relief from this power shortage until the spring rains, which usually come in April or May.

Such curtailment of production as this power shortage is forcing upon Japan, will necessarily affect her military and economic strength in China.

Saito Speaks Out. All is not harmonious in Japanese politics. Foreign Minister Hachiro Arita received no audible reaction to his speech at the opening of the Japanese Diet, in which he outlined Japanese purposes in its "holy" war. This was in marked contrast to the applause following a similar speech a year ago.

There has been considerable debate over and opposition to the Japanese army's demand for a record breaking budget.

To climax the unrest and dissatisfaction, Takao Saito, leader of the political party, the Minseito, spoke in the Japanese House of Representatives on February 2, urging that the Japanese army be withdrawn from China in order to enable a peace settlement to be made. Saito asked how long the China "incident" would last, what the "new order in East Asia" meant, and what the Japanese people had received for their heavy sacrifices. Although Mr. Saito resigned the next day from his political party, and criticism of him was noisy and angry, his statement was an indication of undercurrents of feeling among the Japanese people. It is not unreasonable to suppose that there are many other dissatisfied persons in Japan, who would be quite willing to see the army withdraw from Chinese territory.

Third Powers. Third power relationship with Japan have been touchy. After the seizure of the 21 Nazis from the Japanese ship the Asama Maru on January 21 by the British, Japan tightened her blockade on Tientsin, rescinded a special exchange control regulation which virtually stopped all British exports. Similar action, Japanese news sources took pains to point out, might easily be taken against the United States interests in case America should place an embargo upon Japan. The dispute with Britain has been partially settled by the return of nine of the Nazis to the Japanese, and a promise from Japan that she would not carry citizens of belligerent nations on her ships who might be members of the armed forces of those nations.

French and American interest were affected by the Japanese bombings of the Haiphong-Yunnan Railway in French Indo-China. United States made informal protests on February 4 against these bombings, pointing out that they interfered with United States legitimate trade with China. Japan promptly answered the protest with a second bombing and reported that she considered the railway a "military objective."

While she continues to antagonize Britain, France, and the United States, Japan seems to be receiving Nazi blessings. Arita's speech opening the Diet was reported to have been applauded in Germany. German spokesman for the foreign office claimed that the two countries, Germany and Japan, not only had "similar conceptions of

nationalism" but also had "similar conceptions of honor as applied in the case of intolerable, impudent encroachment of foreign nations."

Front Lines. Fighting is still continuing in the Nanning area. Japanese reported a victory at Pinyang last week. Chinese reported on February 12 that the Japanese had been pushed back to the gates of Pinyang, and that further repulses of the Japanese had been occurring in the same region. Some military observers here feel confident that China will eventually be victorious in Kwangsi because of the military genius of the man in charge there, General Pai Chung-Hsi.

CARL CROW ON "COMMUNISM IN CHINA"

Letter to Berkshire Eagle, Pittsfield, Massachusetts
February 8, 1940.

I was under the impression that everyone in America knew that the story about the threat of communism in China was a piece of Japanese propaganda invented to provide a pretext for her invasion of that country. I had heard nothing about it for a long time but see that it has been reviewed by Mrs. Carveth Wells in an address before the Pittsfield College Club. I do not know what authority Mrs. Wells has to speak on China but as the object of this letter is to deny all of her statements I should explain that I lived in China and Japan from 1911 to 1937 and during all of that period was connected in one way or another with publications which kept me in close touch with Chinese affairs. I have written quite a number of books and magazine articles about the Far East.

Last summer I made a trip to Chungking to gather material for a series of magazine articles and made a special study of Chinese communism. I found that there are a very large number of Chinese who call themselves communists, but they have no connection with Russia and their so-called communism is nothing more than a liberal agrarian movement tinged with a few mild socialistic ideas. When the movement which they support was started it was more purely communistic, but as the economic evils which brought it into existence were removed the party lost its radical aspects. In Chungking I talked to American, British, French and German newspaper men of long experience in China and they all laughed at the idea of Chinese "communism" being a menace to anyone. American business men and missionaries living in China are of the same opinion.

It is too bad that an American lecturer should aid this Japanese propaganda and so add to the difficulties this government faces in solving the delicate and important problems connected with our interests in the Far East. As to the suggestion that China would welcome an attempt to make peace, I can assure those who heard Mrs. Wells' lecture that China will welcome no peace which involves any surrender of her sovereignty and that the Chinese are confident, as I am, that they will eventually drive the Japanese out---perhaps much sooner than most people think.

Ashley Falls, Mass.

EFFECT OF A JAPANESE EMBARGO

Stoppage of War-Material Shipments Might Save China

To the New York Herald Tribune:

Attempts have recently been made in certain quarters to spread the idea that the United States should act very cautiously toward Japan and be particularly careful not to offend her in any way. A great deal is made of the matter of "face" in the Orient, and especially in Japan. That much is made of this is indicated by Japan's frequent insistence, upon slight provocation, that she has been grossly insulted. An excellent example is furnished by her attitude in connection with the Asama Maru incident, in spite of the fact that the Japanese have boarded British vessels 191 times, according to the statement of Sir Robert Craigie, the British Ambassador to Japan. The attitude of the State Department would indicate that officially the United States is being careful of Japanese sensibilities.

It is my impression, however, that those who are advocating a halt in our shipments of war materials to Japan have considered the effects on the internal situation in both Japan and China. One need hardly be a prophet to say that such action would hamper the aggression of the Japanese, and so indirectly strengthen the Chinese that they would soon be better able to take care of the situation themselves. The war has already passed through the phases of Japanese advance and stalemate. The third phase, Chinese advance, may be just beginning. Our withdrawal of support would greatly accelerate this phase and soon place China in the position of being able to prevent encroachment on the part of either Japan or Soviet Russia. For those who are truly concerned for the welfare of China, as well as for peace in the Orient and elsewhere, the best course is to do everything possible to help China to help herself. This is precisely what an embargo on the shipment of war materials from the United States to Japan would accomplish.

* * * * *

As for the effect in Japan, the only way for the Japanese militarists to ever be completely discredited is for the Chinese to bring this about. By bringing our own conduct in line with our treaty obligations we would be hastening the day when this would be an accomplished fact. Only in this way would the liberals ever have the chance desired for them.

It is a recognition of realities to say that it is problematical how long the liberals would retain influence, even if they did get into office. They have been in office before, but not for long. The real power lies with the military and naval establishments, and the present aggression is but a part of a long-time program enunciated more than three hundred years ago, and again brought forth for execution during the last sixty years. The military may relinquish the reins, but they will seize them again at any moment. The Japanese have already used periods of peace to prepare for new aggression.

Even if the Japanese as a nation should become angry, what would they gain? They are having a difficult time with our help. What could they do without it?

The Japanese, while individually they are politeness personified, as a nation give no thought to the rights and feelings of others. They must be dealt with in the only language they understand.

It has been pointed out that this country is not selling arms, ammunition and aircraft to Japan. This statement is true at the present time, and the United States has not at any time been selling arms, ammunition, etc., to Japan in any appreciable quantity. Even during the years 1937 and 1938 the actual value of such goods was but a fraction of 1 per cent of the total. What the United States has been selling is materials of war. It is also stated that organizations interested in an embargo on shipments of war materials to Japan give an exaggerated idea of the extent of Japanese dependence on American imports of such materials as petroleum, copper, metal-working machinery, scrap iron, etc. In 1933 Japan's total imports of petroleum products from the United States amounted to \$14,000,000. In 1935 they were \$25,000,000, and in 1937 had jumped to a total of \$43,000,000. Copper increased from \$217,000 in 1932 to \$8,000,000 in 1935, and to \$19,000,000 in 1937. Imports of metal-working machinery advanced from a total of \$1,500,000 in 1929 to \$12,000,000 in 1937 and \$25,000,000 in 1938.

* * * * *

Iron and steel semi-manufactures, one of the most essential items in Japan's war industries, advanced from a value of \$3,500,000 in 1932 to \$18,000,000 in 1936 and \$78,000,000 in 1937, scrap iron included. Scrap iron alone rose from a low of 48,000 tons in 1932 to 1,100,000 tons in 1934, with 1,898,000 tons for the first eleven months of 1939. Of course, it is normally difficult to separate "war" materials from ordinary raw materials of industry and commerce, but it would seem that the tremendous increase in the Japanese imports of the materials mentioned above might conceivably have some connection with their war in China. The European war has greatly intensified Japan's dependence upon the United States for many essential materials. The warring nations, which would ordinarily be Japan's alternative sources, have nothing to spare.

One of Japan's aims has been to increase her self-sufficiency at our expense to the point where she could make herself independent of us. This is definitely indicated by her increased imports of metal-working machinery, while since 1937 her imports of iron and steel semi-manufactures have steadily decreased from the high of \$78,000,000 (\$33,000,000 in 1938 and \$21,000,000 for the first eight months of 1939).

Considering aircraft and parts in the same general category as arms and ammunition, it may be noted that the greatest value of our shipments of such to Japan was \$2,500,000 in 1937, which is only a small fraction of the total of all war materials purchased from us by Japan in that year (\$168,000,000). In 1937 all arms, ammunition, aircraft and parts constituted but 1.5 per cent of the total war materials, in 1938 10 per cent and in 1939 but slightly more than 2 per cent. It is true that the moral embargo has been very effective, but has dealt only with categories which are insignificant in Japan's whole war economy. Japan has now reached the point where she no longer needs our finished products, but would be greatly handicapped without essential raw materials which we continue to supply.

Contrary to the contention that the importance of gasoline of very high octane rating produced only in the United States has been overstressed, the fact remains that the United States is Japan's only source for this motor fuel. It is interesting to note that the oil experts recently returned from Japan at the behest of the State Department made the statement that a reduction in the supply of American oil would handicap Japan seriously because Mexican oil is deemed unsuited for production

of gasoline of high-octane rating. East Indian oil is considered inferior and the supply from Sakhalin Island is insufficient. Even if a war could be carried on with poorer fuel, the life of the motors would be greatly shortened--a very serious consideration. Of course the European countries would not build great air fleets which could be operated only on American gasoline. These European countries have production methods of their own by which they can produce high-test motor fuel to meet their requirements.

Japan's sale of goods in this country has been financing her purchase of war materials. In spite of shortage in Japan of such export goods, during her efforts to stock up on war materials during the latter part of 1939 she found it necessary to export to the United States a sufficient additional quantity to secure the necessary foreign exchange to make her purchases possible. In 1937, out of every \$100 spent by Japan in this country, \$53.66 was for war materials. In 1933 this figure rose to \$67.30, and during the first eight months of 1939 it was \$71.28.

* * * * *

Japan cannot get from other sources the materials she secures from us. Every indication points to the fact that she has already seriously curtailed consumption not absolutely essential to war purposes, and of course there are always limits to the extent to which such practices can go.

Japan's conquests have made a great difference to our cotton industry. In 1934 we sold them 915,000,000 pounds, while in 1937 we sold them but 481,000,000 pounds, almost a 50 per cent drop. Her cotton-raising program in the conquered areas has been largely responsible for this development and will be an increasingly significant factor.

The United States now possesses two powerful weapons--the termination of the trade treaty and the threat of an embargo. The way in which she uses them will largely determine the future course of events in the Far East, if not in the world.

New York, Jan. 29, 1940.

HENRY H. DOUGLAS

CHURCH COMMITTEE FOR RELIEF

\$358,681 To CHINA. Mr. Fred Atkins Moore, Director of the Church Committee for China Relief reports that \$358,681 have been sent to China in the sixteen months since September 1, 1938. During the second half of 1939 the Church Committee raised \$203,000, as compared with \$101,000 in the same period of 1938.

DIAMONDS FOR RICE IN CHINA. A few months ago some diamond rings lay sparkling but cold and useless, in a safety vault in an Eastern American city. A short time from now, \$345, realized from their sale by the Church Committee will be turned into rice, millet, beans, and other warm, nourishing foods for starving, shivering people in China. An elderly American woman had heard a returned missionary relate facts regarding present conditions in China. This woman was so deeply moved by the tragic needs of little children, and the immeasurable suffering among adult civilians, that she took these rings from the vault, gave them to the woman missionary, and told her to send them, anonymously, to the Church Committee for China Relief. Now the Church Committee is wondering if any other friends of China have unused diamonds or old gold jewelry in their vaults that could be sold and translated into food for China by the alchemy of Christian love?

PENETRATED CHINA

From a letter from
Ralph A. Ward (Methodist Bishop)

Since my return to China last September I have not yet been in "Free China"... that part of the country into which the Japanese have not yet penetrated. Thus my impressions have not been under the immediate influence of the optimism of China's Great West. Quite the contrary. But I have seen that the Chinese have remarkable strength, much of it not in the "head-lines", and thus that the present war in China may continue a long time. * * *

Japanese controlled newspapers have estimated that there are 117,000 Japanese civilians now living in various parts of "Penetrated China". In Peking there are said to be 60,000, and in Kalgan and Tatung each perhaps 6,000. In Tientsin many more. Thousands in Tsinan and in hsien cities (county seats) of the province of Shantung, (oft contested by Germans and Japanese during recent decades). There may be a million soldiers in China. One hears merely unofficial reports and estimates.

Between these garrisons, small and large, in the Shantung area alone, are troops of the Chinese National Government to perhaps a total of over a hundred thousand; scattered military forces of more or less independent Chinese commands; and many bands of half-bandits.

The connecting roads are cut in countless places by ditches, often eight feet deep or more, with embankments which serve as temporary fortifications for Chinese forces in attacking. One of these ditches was twenty miles long. A "Saint Bartholomew's Night" with concentrated action could wipe out all the garrisons of the invaders save, perhaps, those in a small few of the larger cities.

Meanwhile, the railroads in this part of China (there are only about twenty thousand miles of railroad in all China as against over ten times that many in America which has less than one third the population) are in the hands of the Japanese. They are running regular passenger and freight trains. Much of the old rolling stock of the Chinese was destroyed but the Japanese have provided new stock, some of it evidently made in America. All told, they are running the railroads efficiently and with courtesy to the few non-Japanese foreigners who are given permits to travel.

The first and second class passengers are mostly Japanese, largely soldiers. There is a very heavy Chinese travel in third class. The freight traffic is the best since the penetration, though far below the pre-war volume. Much freight is for military purposes. There is a considerable quantity of Japanese imports and Chinese exports. The former are limited by the rise in prices, the impoverishment of the Chinese, the sullen attitude of the Chinese market, and guerilla prevention of sales in the countryside. The exports are limited by the refusal of the people and guerillas to allow produce to be brought to occupied cities. Even food-stuffs are twice, and sometimes more, the pre-war prices, and often there is a serious problem in getting enough food for the people in the cities.

A large proportion of the "white collar" jobs in all sorts of public services are occupied by Japanese. Most Chinese seemed to think that the present regime could not last more than two years longer.

But my chief interest is neither political nor economic. It is social and religious. Chinese Christians and Chinese churches have suffered much from the war. So have many foreign missionaries. All told, however, the Christians and churches have suffered far less than the general run of the Chinese people. The Japanese civil authorities and many of their military authorities have extended countless courtesies to missionaries, Chinese Christians, when identified as such, and to those in charge of Church property. When soldiers of any country are trained to kill and "treat 'em rough" and can not speak a common language with the people among whom they are operating, and when many of those soldiers have very little knowledge of international affairs, the untoward incidents and cruel inhumanities are numerous. This is a source of countless brutalities and misunderstandings.

The courage and fidelity and persisting Christian faith and practice of the Christian communities in China is one of the most inspiring chapters of Christian heroism which has yet been written. The Christian Church in China today shows greater essential Christian strength than ever before in its history.

Foreign missionaries as a whole are tending strictly to their business as Christian messengers and are not in politics. They conform, often meticulously, to every rule of the Japanese military. I found cases where they even went out of their way to make fully clear to the Japanese military and especially the Japanese Civil authorities every detail of their work. They have nothing to conceal. They minister to physical suffering and to spiritual suffering. They preach a personal evangelism. They have unlimited work to do even within the framework of the Japanese military restrictions. Where the restrictions of military or de facto local governments seem to prevent freedom of conscience in certain previous forms of Church work, as for instance, in schools, the Christians have simply suspended those activities and have correspondingly concentrated on such Christian evangelism and service as were possible for within restrictions imposed.

More opportunities for Christian evangelism and service are evident now in China than I have ever seen before. They are found in "Penetrated China" as well as in "Free China", though with different settings and different limitations.

Ralph A. Ward.

AMERICAN BUREAU FOR MEDICAL AID TO CHINA

VACCINE PLANT FOR CHINA. Funds are being raised in the United States for a vaccine plant in the interior of China under the direction of Dr. Robert K. S. Lim, Director of the Medical Relief Corps of the National Red Cross Society of China. While the larger part of the funds for this project are in hand, there is still time for you to send your contribution to this worthy cause. Other current needs in China are (1) gasoline for the mobile units of the Medical Relief Corps, (2) Blankets and Hospital Linens (used supplies may be sent to the Bureau's office in New York City), (3) Ambulances and Ambulance Parts for use of the Medical Relief Corps (chassis available by the Bureau for \$810 and parts at proportionately reasonable prices), (4) Medical Text Books for medical library being planned by the Surgeon General of China.

INTERESTING DONATION. A unique donation was received by the American Bureau for Medical Aid to China this week, a check for \$100. from a stockholder representing dividends he had received through profits on sales of military goods to Japan. The donor, a resident of the South, wrote: "It has recently been brought to my attention that a corporation in which I own a few shares has made a considerable proportion of its profits out of the sale to Japan, and that those sales have been of assistance to Japan in her war against China. It hardly seems fair for Americans to profit at the cost of China's so great misery. I think the enclosed check represents that part of my dividends resulting from sales to Japan of essential military goods last summer. Please do me the honor of accepting and using it in whatever way you think will be most useful to China."

PROCEEDS FROM CHRISTMAS CARDS. \$7,000 net profit has already been received and more is expected.

WHAT IS HAPPENING TO THE IMPORTANT CHINESE PRODUCTS

Part III -- Extracts and Summary

Japan Over China -- America's Gain or Loss? Published by the American Information Committee, Shanghai

One of the main attractions North China offered to Japan has been its cotton crop. China is the world's third largest cotton producer, and even before the war Japan experimented with the introduction of American seeds in North China. She is now vigorously pushing a program to increase the cotton yield because she wants to secure for herself a supply close to home, thus making herself independent of American cotton. So far floods, droughts, and Chinese guerillas have kept the yield far below Japanese expectations, but the program remains and, if it is executed, will cut off one of the chief American export items.

This program threatens American cotton producers, because the Japanese force the Chinese to grow cotton, to the exclusion of other crops, and compel them to sell to the Japanese monopoly at a fixed price. This price, three to four cents American money per pound, is just enough to keep Chinese peasants from starving. At such price fixing, the Japanese textile industry can destroy all American textile export trade, flood American markets and even threaten the American textile industry itself. This price-fixing policy has been enforced in Korea where cotton production has been increased to 1,000,000 tons per annum, while the Formosa farmer must grow sugar cane and sell it at a fixed low price.

In either case, a refusal means starvation or imprisonment for being "Anti-Japanese".

For decades American firms have done a profitable business in Tientsin in wool and hides bought in Inner Mongolia. Now Japanese monopoly transportation prevents American firms from buying as formerly. The Japanese buy these products directly in Mongolia with insecured paper money printed by themselves, retain some for the use of the Japanese Army, then sell what they will to American firms in Tientsin for good American cash. If the Japanese succeed in occupying the two foreign concessions in Tientsin, American firms will be forced out of the hide and wool trade, as formerly in Manchuria.

Japanese occupation has interfered with the free purchase of Chinese leaf tobacco, for Japanese buyers are likewise monopolizing this market. Shanghai tobacco factories now import cheaper grades of tobacco from India and cut out imports from America which have become too expensive since the decline of the Chinese dollar. For August, 1939, American tobacco dropped from 95 per cent of the total tobacco imports to a mere 15 percent. In the future it may disappear altogether, a business which in normal years amounted to from 15 to 45 million pounds.

Japan and the occupied areas of China still depend on American oil. But in certain parts of China oil resources exist, and it can be taken for granted that Japan will exploit them to the limit if she has a chance. Meanwhile, the Chinese people have been forced back to their vegetable oils to light their lamps, in the Japanese occupied areas, because they are too poor to buy kerosene, and in free China, because kerosene is unavailable on account of transportation difficulties and the serious disruption of the Chinese currency incident to the Japanese invasion.

Again American industry is being further inconvenienced by the fact that Japan

holds China's main lines of communication. Thus she can and does appropriate for her own use the present limited supply of many raw materials formerly exported to the U. S. A. For this reason tung oil, used in the paint and varnish industry, and also tungsten are difficult to obtain.

"In the occupied territories, Japan has also organized the peanut and peanut oil industry. She handles the entire output, pays for it with "bayonet-backed" paper money and then sells it to the Americans for real money. Thus she pays compels China and the buyers to pay her war expenses.

Frequently under the guise of "cooperation" Japan has seized practically all the Chinese industries, power plants, railways and mines in the occupied territories, except those destroyed. It is needless to say that all these enterprises, formerly important customers for American machinery, equipment and supplies are now obliged to place their orders with Japanese firms.

With the improved standard of the Chinese peasants, American dyes, with their uniformity and easier handling, were replacing native dyes. Now the Japanese invasion has so depressed the standard of living that the peasant is lucky to have even the coarsest cloth to cover his back.

But if there is a lack of the bare necessities of life for the Chinese people in the occupied areas, there is an abundant supply of narcotics, and anybody who desires can obtain them. A man who has this craving will spend his money for drugs even though he and his family go hungry. Following again the example of "Manchukuo," more land is given to poppy growing wherever the Japanese extend their sway. The enervation of the subjugated people seems to be a by-product the "New Order"---but such people will hardly make good customers for American products.

If to America's direct trade losses are added the losses suffered by American concerns in China and the damage done to American property, the United States has already lost many times the amount of its "favorable" trade balance with Japan. And if Japan's position as customer of America (in the widest sense) is not one to inspire confidence, her record as prospective borrower is equally discouraging. It is true, Japan has carefully maintained the interest and principal payments on her foreign debt. But in occupied areas of China she has flagrantly and consistently disregarded all foreign obligations. The foreign holders of bonds secured on Chinese properties have not received a single penny from the Japanese who took possession of those assets. No interest and no amortization payments have been paid by the Japanese on loans secured from revenues from the Chinese Maritime Customs, the Chinese railways and salt mines--to mention the three most important securities. The Japanese treat them as spoils of war and pocket the revenues, without even taking the trouble to render accounts. Few Chinese bonds are held in America, but the Japanese treatment of such obligation is nevertheless indicative of what may be expected.

The question has often been raised whether American exports to Japan are really loss or a gain. Captain F. X. A. Eble, former U. S. Customs Commissioner, made a careful survey of the situation, comparing the buying power created in America by the goods exported to Japan with the buying power lost through the import of Japan manufactured wares produced by the labor ten times cheaper than that of America. He came to the conclusion that the U. S. suffered an annual loss in purchasing power of U. S. 150,000,000. Of this amount U. S. \$55,000,000 represented (in 1937) loss in wages. This item alone is larger than the whole annual favorable trade balance.

OTHER LOSSES TO AMERICA

America stands to lose more than trade and commercial investments, for Japan's domination threatens to wipe out also the tremendous cultural influence which the United States has built up over the course of several generations.

American policy towards China and the activities of Americans in China have not always been beyond reproach, yet the Chinese know that America aided their nation as she took her first steps in a strange new world and that on more than one occasion America blocked moves by other powers that would have infringed China's political or territorial integrity.

American institutions and ideals fired the minds of countless Chinese youth who sought to reconstruct their country along similar lines. The number of Chinese who have been educated in American schools in China is measured by the tens of thousands, and a steady stream of outstanding young men and women have come to America for further study. Many of China's present leaders were educated in the United States, a recent survey revealing, for example, that half the men in active diplomatic service are graduates of American Universities. The returned students have absorbed much of American ideals, methods, and ideas of government and industry, and they have a warm place in their hearts for America. They have put their stamp on the China of today and will have a large share in molding the China of tomorrow.

American philanthropy has made a profound impression upon the Chinese mind, for it has built hospitals and schools throughout the land, it has made possible countless enterprises ranging from mass education to the construction of highways and dykes, and it has placed in China thousands of men and women who, for all their short-comings, came to minister and not to be ministered unto.

America is linked to China by ties innumerable, ties which could be shared with the friendly, democratic Japan, but which are now threatened by a military imperialism which is seeking to conquer China. Schools, hospitals, churches, and social enterprises of every description will be in a precarious condition if Japan can consolidate her gains, unless they, too, enter into forced "cooperation" with the "New Order." Already the majority of British missionaries have been driven from the interior of North China and their institutions closed, including fifteen sorely needed hospitals. A word from the Japanese military leaders, and a similar wide-spread movement could be started against Americans.

If Japan succeeds, her program calls for a complete reorientation of the Chinese mind to "free" it from western influence and to lead it in the grooves being marked out by the militarist representatives who control all education in the territories under them. The Japanese sponsored press in occupied China is already making its contribution to this effort by campaigns of insinuation and invective designed to create strong hostility to the West. For a people to develop such an attitude under the leadership of a military class which is led on by ideas of "manifest destiny" will be one of the tragedies of this age. In contrast, these same people, as citizens of a free and united China, would be a mighty force for peace and democracy. From the long view, this may be the decisive point upon which to evaluate American gain or loss from the outcome of the war in China.

CONCLUSION

With Europe engrossed in war and British, French and German world trade reduced, eliminated, or directed into specific channels, Japan sees the vision of a golden

opportunity to capture world markets and shipping lines as she did in 1914 to 1918. But she is still embroiled in her invasion of China which has strained her resources and tied her hands. Her leaders believe, however, that they can succeed if they can persuade America to increase, or at least to continue the economic support which may be withheld after the abrogation of the Commercial Treaty of 1911 comes into effect.

Japan wants, briefly, American war materials and materials essential to the building up of war industries, and American capital; the one to strengthen her military machine for the present war of aggression, the other to consolidate her conquest in China so as to enable her to turn further afield and, in time, to secure hegemony over the Pacific.

America is being told that it will be to her advantage for Japan to succeed with her China plans. This survey indicates that exactly the opposite is true, that from a Japanese-dominated China we may expect the following results in terms of gain or loss to America:

1. Continuing restrictions on American trade and industry within China.
2. An immediate, but short-lived increase in American exports of war materials and supplies for the construction of Japanese industries in China, the avowed purpose of which is to make the Japanese-"Manchukuo"-China bloc independent.
3. Constantly diminishing American exports of practically all other commodities; manufactured goods, tobacco and cotton first; oil and iron later, as Japan becomes more able to exploit Chinese resources.
4. Restrictions on exports to America of numerous vital raw materials.
5. The weakening of American cultural ties with China and the redirecting of Chinese thought under a military domination unfriendly to the western democracies.

In contrast, an independent China, taking up the task of rebuilding its homes, factories, and communications, offers America an expanding opportunity for years and years to come. One has only to think of what it will mean for the purchasing power of 450 million Chinese to be raised from the pre-war level of about two dollars a month to five, ten, and perhaps twenty dollars a month. The opportunities here for mutually beneficial trade stagger the imagination. And it would be a friendly China, congenial in cultural interests and institutions---a bulwark of peace and democracy for the entire world.

GEORGE A. FITCH, CHINA CORRESPONDENT
REPORTS ON SOUTHERN TRIP

3 Bangkok, Thailand, Jan. 13th.

What a fairyland I've been living in these past two weeks. I'm never going to be able to tell you about it all, though some day I hope to be able to write a little more fully about this wonderful trip.* * * It's been just two weeks since my last. That was written in Kunming, just after I'd run out of the city on account of an air alarm, I believe. The very next morning, New Year's Eve, found me aboard the train, and with me were T. T. Zee, T. C. Wang (manager of the Bank of China and former pupil of mine in the Shanghai Y), and the Misses Wilkinson and Teagarden. A few hours out and we were stopped by a wreck ahead--had to walk around and after some delay get another train at the other end. Night at the Bungalow Hotel in Kaiyuen, where I said goodbye to T. T. and Wang who were going to inspect a tin mine to the west. Another day of beautiful scenery, and another delay after noon--18 Jap bombers overhead, and farther on we came where they had been at work, both that day and two days before-- the first time the Japs have had the temerity to bomb this French railway. But as usual the damage was slight. The bombs had caused a slight landslide above that had stopped by the entrance to a tunnel and bent a rail on the farther side, but in three hours we were off again. We picked up bits of shrapnel for souvenirs. The night express was waiting at Laokai and both the Chinese and French customs officials hurried me through so I had no difficulty-- Didn't even ask to see my money (they are very strict about not allowing you to take more than five hundred dollars out of the country); etc.

2. Singapore, Jan. 22.

I had to give a couple of newspaper interviews in Bangkok and what I said seems to have caused something of a sensation. The Thai (Siamese) Govt. had recently deported some two thousand Chinese, largely on Japanese pressure it is said, and their papers, even the two in English give no China news except from Domei or Rengo -- not because they love the Japanese but rather because they are rather afraid of them. So what I said was definitely news, and I understand they had to print an extra edition of one of the Thai papers.

WHERE DO YOU FIT IN THE CHINESE INDUSTRIAL COOPERATIVES
FORMULA?
$$(\text{Workers} \times \text{Raw material} \times \text{Staff} \times \text{Machines}) \times \text{Capital} = \text{FREE CHINA.}$$

Do you fit into this formula? China has plenty of Workers and Raw material. The C.I.C. has some Staff and Machines and Capital, but needs more. Can you help us guarantee that the people of China will be Free?

Padded overcoats, brass and copperware, bandage, soap, paper--self-respecting people are making countless things like these in their own small industries. For them the C.I.C. can use old sewing machines, tools, trucks, lathes, looms, laboratory materials, technical books--or the funds to buy them.

In China, where broken rice bowls are glued and riveted together, second-hand equipment gives work and saves lives. With a pair of junked auto wheels on old tires two men can build a wooden cart and push hundreds of pounds of goods along

the roads as members of transport cooperatives. With old used sewing machines, "traded in" by thousands every year in the United States, Chinese women can make hundreds of padded garments to help shut out the bitter cold of the great Northwest. Will you, or you and your friends, gather up such discarded tools and working parts in your community and send them to us in Hongkong?

The idle and out-of-date equipment in the United States alone would give a decent living to thousands of Chinese refugees. Will you help get it to them?

Send contributions and requests to Miss Ida Pruitt, Chairman Promotional Committee, 57 William Street, New York City.

CHINA MISCELIANEA

NEWS OF LINGNAN UNIVERSITY. Lingnan University is now at the University of Hongkong. "Everyone is carrying on with zeal. We enrolled 538 students, some 240 of them being Freshmen. About 150 students are women. Seven Americans are full-time teachers. At the same time the Canton campus is being used to house nearly 1500 refugees and everything is done there to . . . help make the camp self-sustaining, though complete success in this aim can never be attained." (NCC Bul.)

METHODIST HOSPITAL, WUHU. "Is it true that difficulties make life interesting? Getting supplies up from Shanghai under present conditions becomes more and more of a problem. As a result we have been learning to depend on many things locally obtainable. Soft Chinese paper . . . takes the place of gauze for most dressings and of sponges in minor surgery (actually it is an improvement on gauze!) Kao liang wine has replaced alcohol. Brucea seeds (an old Chinese remedy for dysentery) are taking the place of emetine and giving better results. It hurts, though, to have to write a blanket order for a ward, 'Stop all cod liver oil'--Ours is mixed with Chinese malt, and the undernourished kiddies like it--and 'Stop all digitalis'. We have found no local substitute for these." (NCC Bul.)

A REVIVAL OF RELIGION. (NCC Bulletin IV-12) The one bright spot in the black clouds that hover over China is the way in which men and women are turning to religion. Reports from travellers, letters from missionaries, wither in Free or Occupied China, bring the same story of unprecedented opportunity. In January 1938 the picture was one of utmost gloom. . . It seemed to be a case of beginning again, and under far more adverse conditions. Instead of that, in a few months enthusiastic letters and reports began to come in.

Bishop Roberts of Shanghai (Episcopal) wrote: "A new chapter has been written in the history of Christian missions in China. . . Even though many Christians from this diocese have wandered inland and may never return, there already seem to be almost enough candidates on the way to Baptism to make good the number of those who have gone away."

Bishop Ward (Methodist) after holding three Methodist Conferences in North China and one in Nanking said: "We seem to be facing a great revival of religion. We can't make Five Year Plans or anything of that sort, but we are facing a significant turning to the Christian religion. And we are not beginning where we began fifty years ago. We are beginning with people who have had a generation of modern schools and direct and indirect Christian influence."

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

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\$4.00 a year
\$1.00 a quarter

ISSUE THIRTY-NINE
March 1, 1940

Have you sent
your contribution?

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EMBARGO ISSUE MOST IMPORTANT NOW

Write Congressmen. The postponement of action in Congress on the embargo issue is on a day-to-day and week-to-week basis.

Write to members of the Senate and House, particularly those who have not expressed themselves in favor of the embargo. Letters should be clear and direct and should present your conviction that the United States should stop sending war materials to Japan.

MORAL EMBARGO ON AVIATION GASOLINE

Write to the Secretary of State urging the immediate extension of the moral embargo to cover Aviation Gasoline.

CHINESE INDUSTRIAL COOPERATIVES. Interest in the C. I. C. is growing rapidly. Active work in behalf of the movement is under way in New York, Boston and Washington. Information may be had from Miss Ida Pruitt, 57 William Street, New York City. \$7.00 puts a man to work and provides a way of continuous help in this project to help the Chinese help themselves.

GOLDEN RULE FOUNDATION announces autographed copies of Madame Chiang Kai-shek's book, "Sian: A Coup d'Etat" as gifts to those who contribute \$100 or more for the support of Madame Chiang's orphans. Coin-a-meal banks are available for the collection of funds for the same cause. Write this foundation, 60 East 42nd Street, New York City.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY
COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y. Y.M.C.A., CHUNGKING,
SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

SUMMARY OF CHINA NEWS

Is Japan Really Drawing In Her Horns? On February 15, newspapers in this country blazed with the news of a proclamation sent by the Japanese army command in South China to Generalissimo Chiang Kai-shek, announcing that it had won "sufficient areas in China for establishment of the New Order in East Asia," and urging the Generalissimo to surrender. The general interpretation given by the headlines to the news was that Japan was folding up her tents and preparing to go home. "Jap Invasion Ends in China. 'Got Enough'" was the way the New York Daily News put it. The New York Times announced "Japan Says Drive Has Reached Limit; Bids Chiang Give Up."

There is good ground for doubt, however, in the minds of some keen observers as to the sincerity of these announcements by Japan. This doubt was intensified when, on February 26, a story appeared in the New York Times by Hallett Abend in Shanghai, announcing that the Japanese were constructing land fortifications in Shanghai and Tsingtee areas "designed to hold off land assaults." "This is taken to indicate," Mr. Abend said, "the Japanese army invasions withdrawal from the interior in one or two years, leaving Wang Ching-wei's government to its own fate, with its own Chinese army to hold off Generalissimo Chiang Kai-shek's forces." Mr. Abend infers that if Wang Ching-wei were unable to hold the surrounding areas (and it is well-known that without Japanese aid he would be completely unsupported) Japan would be willing to withdraw to the two ports in which defenses are now supposedly being constructed. The holding of these two small areas by Japan against a united China would be a feat which even Japan would have to admit is militarily impossible.

Such reports reflecting seemingly the intention of withdrawal, coming as they do from Japanese controlled areas, arouse suspicion that they are a part of a propaganda campaign, subtle and clever to be sure, to influence the American people into thinking that China is not in such desperate need of help as she was, that Japan is now willing to modify her demands, and that therefore there is no necessity for the United States to place an embargo upon Japan.

That Japan is weakening is becoming daily more obvious. The coal, power, and labor shortages have been reported acute during the last two weeks. Even the importation of Chinese prisoners of war has been suggested in Japan as a solution of the labor problem. Rice riots and coal shortage are reported in the Japanese controlled areas of North China, from which Japan has been importing both commodities. Speeches in the Japanese Diet opposing the army's high budget show that the people are growing restive and even, for the first time in years, frank.

Simultaneously with this news, and the news of the withdrawal of the troops from areas of South China, there have been news items emphasizing the importance of American relations to Japan. Japan denied any interest in the Philippines, a pronouncement which raises the question as to how much faith can be placed in Japanese statements. Japan "gracefully" accepted the fact that she could have no new treaty with the United States at the present. Japanese opened up certain areas of Shanghai to the Chinese because of pressure of American public opinion in Shanghai. There has been, in the smaller news items concerning the Far East during the past two weeks, evidence of a definite, almost ingratiating attempt on Japan's part to appease America and Americans. These appeasement gestures point to Japan's tremendous concern over America's next step - the embargo.

Although Japan is losing ground, and finds herself unable to carry on any new invasions in China, she may be over-emphasizing her willingness to retreat in order to silence the American sentiment for embargo of war materials upon her.

What China Means By Peace. An unofficial outline of what China means by peace appeared in the influential Chinese daily paper, Ta Kung Pao, and was reported in American papers on February 26. Most important of the points stressed were that China's territorial sovereignty should be intact, including the return to China of Manchuria, Dairen, and Port Arthur; and that there should be an abolition of all unequal treaties between the two countries including the abolition of Japan's right to establish concessions and factories in China.

Although these peace terms come only from a daily paper, and not from an official source, they are important in expressing the popular feeling of the Chinese people. Far different were the reported peace terms offered by Wang Ching-wei, based entirely on aiding Japan to hold the territories she has invaded, which caused such fury throughout China last month.

GALLUP POLL. The most recent Gallup poll on the question of embargo was reported on February 14. In answer to the question "Do you think our government should forbid the sale of arms, airplanes, gasoline, and other war materials to Japan?" there were 75% who said "Yes" and only 25% who said "No."

NO, NO, JAPAN

(From Business Promotion)

Three solicitous letters have been received in recent months by this magazine from Japanese firms asking for advertising rates and sample copies. Two in America, one from Tokyo. Each went unanswered.

Business Promotion will not do any least thing to aid Japanese commerce which pays for making guns and explosives to murder the Chinese and destroy China.

We are against giving aid and comfort to gangster nations who wantonly organize mass murder of their neighbors, destroy their property, steal their lands and markets.

We believe this is the sentiment of practically all Americans. In our opinion America's course for two years past in selling war supplies to Japan with which to destroy our friend China has been dumb, pusillanimous, indefensible.

Having adopted the cash-and-carry policy of selling munitions, we should now refuse to sell Japan necessary things for carrying out her infamous plot to subjugate or destroy China. The sooner America does this, the sooner Nippon will bog down in the mud and be expelled from China's soil.

Americans should realize that in our abundant stores of exportable necessities we have and control a greater armament to win wars than highly mechanized armies and navies without supplies. No army or navy can go far or fight long without food, gasoline, metals, mechanisms and chemicals. One way to choke off banditry, then, is to deprive gangster nations of free access to America's commerce. No longer does any premium house dare offer the American public gift merchandise in this self-destruction of her once profitable American market Japan is paying and will be paying the bill for her wickedness for a long time to come. (Japanese newspapers please copy.)

(From Chicago Daily News 2/14/40.)

OUTLINE OF TALK BY MAJOR E. R. CARLSON

Washington, D. C., 27 February

When Japan invaded Manchuria in 1931 she not only violated the sovereignty of a friendly state but she tested the willingness of the democratic powers to check the use of aggression as an instrument for the satisfaction of national aims. Her military leaders, encouraged by the apathy of the powers, carried the invasion into Inner Mongolia - and finally into China proper. Italy was encouraged to attempt the Ethiopian venture, and Germany followed with the invasion of Austria, Czecho-Slovakia and Poland.

There can be no enduring peace without a return to the standards of morality and integrity in international relations. Aggression must be made unprofitable, and peaceful arbitration a virtue. In the Far East this nation has for several decades regarded the independence of China as the best guarantee that a balance of power - and peace - would prevail. As a Pacific Ocean nation we cannot remain indifferent to any policy which has as its objective the subjugation of China.

As a matter of fact, China has the power to preserve her own independence if America would stop arming Japan. Through her initiative resourcefulness and courage, during the past two and a half years, China has denied to Japan the fruits of victory. There has grown within the Chinese people a mighty will-to-endure hardship in the interest of national salvation - and a will-to-continue resistance until independence has been regained. All political factions have continued to work together, though there have been minor dissensions among some subordinates.

The war has been an unorthodox war in that the Chinese government has continued to function after the seat of government was occupied by the enemy. Even in those areas which the Japanese armies have penetrated, the people continue to resist until presented with the points of Japanese bayonets.

China's military casualties number between three and four millions of men. Some forty millions of people have left their ancestral homes in the eastern provinces to seek a new life in the West under a free government of their own people. Eighty-seven universities have moved into the hinterland, and with them have trekked nearly twenty-five thousand students. The war has provided the dynamic which has jarred four hundred and fifty millions of people out of the traditional ruts in which they have drifted for centuries.

Contrary to popular belief, the group known as Chinese Communists are not in fact practicing communism. An inspection of the practical application of their doctrines convinced the speaker that politically their doctrines were representative government, economically they could best be described as a glorified cooperative society, and socially they could be called communistic in the sense that emphasis was placed on the social equality of individuals.

A free and independent China will constitute a great democratic bulwark in Eastern Asia. It is a curious paradox that America, the chief proponent of democratic ideals, is actually Japan's chief supporter in her attempt to dominate China. In 1937 we provided her with 34% of her war imports; in 1938 it was 56%; and since the beginning of the European war last September it is estimated that America has been providing Japan with 73% of her imported war materials. There are sound moral reasons why we should cease this objectionable practice; but the most cogent reason for embargoing the shipment of war materials to Japan is that by continuing such shipments we are arming a nation whose objectives are inimical to our own, and whose military officers actually toy with the ideas of carrying their policy of conquest in our di-

rection. It is felt that we as a nation have not been entirely frank with the Japanese military-naval clique in that we have not, since 1931, indicated that we are unilaterally opposed to their policy of conquest. They feel that we are so intent on keeping out of war that we will submit to any humiliation rather than engage in war. They also feel that our greed exceeds our idealism, and that we can be bribed into condoning aggression. Our immediate objective, then, is to disabuse their minds of these ideas.

The best device for carrying conviction of our earnestness is for the Congress to pass an act authorizing the President to impose an embargo on the shipment of war materials to Japan, at his discretion. The moral effect of such an act would be far-reaching. The discretionary feature would both afford the Japanese militarists an opportunity to change their policy without loss of face, and it would enable the Executive to apply it only when all other measures for checking Japanese aggression had failed - and at a time when the psychological effect would be greatest.

At some point along the path of aggression Japan must be stopped. Any action we take should be taken when the risk of war is least - and that time would appear to be now. Significant signs within Japan indicate an economic crisis. The people are tired of war - and, in fact, have never had any heart for it. Deprived of the war categories we are now providing, Japan could not carry on the war in China, much less initiate a war with the United States.

We are assisting the Allies in checking the march of aggression in Europe. It is even more important to check aggression in Asia - where no adequate system of check and balance prevail. Our power and the ideals for which we stand impose definite responsibilities upon us. Our strength must be placed on the side of right and justice. We must stand against aggression and for the constructive practices of peace.

AIR RAIDS AND FAMILY DEVOTIONS

A true story of China's first family, by Roy L. Smith.

Over the savory dishes served to us in a fascinating little restaurant in Los Angeles China-town, we were discussing the war in China, and Bishop Ralph A. Ward told me a story of Christian faith and charity, ie., it seems to me of epic quality. For Christian confidence and serenity I have never heard its equal, and I believe my readers will agree that it deserves a conspicuous place in the story of the Modern Acts of the Apostles.

A certain Canadian, who must go un-named, one time aviator in the World War, was in attendance upon some official business in China's Capital, and in the course of his visit had an opportunity to meet General and Madame Chiang Kai-shek. Unable to finish the matter they had in hand, Madame Chiang extended an invitation to share their evening meal with them.

The dinner appointment was for 7:30, but at 7 o'clock the Canadian found himself in the immediate vicinity of the Chiang home. It was too far to return to his hotel and come back to the dinner, and there was nothing to do in the neighborhood. Accordingly he decided to present himself at his host's door a half hour early, hoping to be excused for his early arrival. Madame Chiang answered his knock, meeting him personally. "You're early," she said, as she ushered him into the simple living-room. "Yes, and for that I apologize, but I was in the neighborhood with nothing to do, and I ventured to come in ahead of time," the Canadian replied. "It is quite all right," his hostess assured him. "But I have some work that I must finish before dinner, and if you will entertain yourself with these magazines, I will go ahead. The Generalissimo will be in shortly to greet you."

The Canadian confesses to an interest in his surroundings that can well be understood, and for listening to the conversation that went on between Madame Chiang and a servant a few minutes later, he can, perhaps, be forgiven. The evening lamps were lighted and all was quiet in the living-room when the servant appeared and approaching his mistress said in a low tone of voice, "We have just had word that there is to be an air-raid in thirty minutes. In twenty minutes the lights will go out."

Madame Chiang glanced at her watch, and then said very quietly, "bring me my flash-light." "Here it is," the servant answered, laying it down on the desk and retiring. Madame Chiang went on writing as unperturbed as if she had been told that dinner would be served in twenty minutes, but the Canadian said he was trembling from head to foot. Here he was under the same roof with two people who were wanted by the Japanese bombers more than any other two people in the world. If the Generalissimo and his brilliant wife could be bombed, it would be worth more to the Japanese than the destruction of a whole Chinese Army. Madame Chiang could not possibly have been unaware of the tenseness of the moment, but she apparently gave it not the slightest thought, aside from an occasional glance at her watch.

Fifteen minutes that seemed hours dragged by, and the Canadian was all eyes and ears. At last Madame Chiang looked up from her writing, glanced at her watch and said, "We have just had word that there will be an air-raid within a few minutes. the lights will go out in one minute, and I will ask you to go with me into the yard!" So saying she arose, picked up some papers and her flash-light, and seemed to be preparing to leave the house, when the General appeared. Almost at the same instant the house was plunged into darkness. Lighting their way with the little flash-light the three passed out into the night.

Somehow in the yard they stopped, and in the distance the roar of the planes could be distinctly heard. Two minutes afterward the bombs were dropping, and bursting with a thunderous roar. Less than a quarter of a mile away three bombs dropped, destroying an entire block of the city of Chungking. The night sky was lighted up by the explosions and the fires that followed, and after the planes had passed over, Madame Chiang said, "We will go back now. It is all over."

As they sat at dinner, no mention was made of the raid. The General and his wife spoke quietly of the war, of the sufferings of the Chinese people, of the amazing spirit of unity that was coming into being within the nation, and of the great reforms that must come if China was to become a great modern nation. But there was not one word about personal danger, or the night's bombing.

The Canadian had come to the moment when he felt he should excuse himself and return to his hotel. As he prepared to go General Chiang said, "Must you go immediately? We would be happy if you would stay and join us in our evening's devotions."

Such an invitation comes to very few, and the Canadian quickly acquiesced, seating himself again. With that a Bible was produced and the General began by reading some Scripture, then the three joined in prayer, the General leading.

Says the Canadian, "I never expect to hear such a prayer again in all my life. The General began with a simple expression of thanks for their personal safety. Then he added thanks for the courage of the nation under fire. Then he prayed for strength for the men in the field and along the firing lines; he prayed for strength for himself, and added a most earnest plea for guidance and wisdom, that he should not fail the people.

But the most amazing thing in his prayer was a plea that God would help him and help China, not to hate the Japanese people. He prayed for the Japanese Christians, and all the suffering multitudes of Japan whose impoverishment was making the war on China possible. He prayed for the people who were bombed, for forgiveness for those who dropped the bombs.

In the simplest and humblest terms he laid himself at the service of Almighty God, and begged that he might know the Divine will, and do it on the morrow.

When the thirty minutes of Scripture and prayer were concluded, the Generalissimo and Madame Chiang, rose, extended their hands in friendly good-nights, and escorted their guest to the door. As he went out into the night and started on his way to the hotel, he was saying to himself, "At last I have found two Christians."

STUDENT LIFE IN WAR-TIME CHINA

By Kiang Wen-han

Student life in China is now on a war-time basis. The widespread destruction of universities and schools has shifted the cultural center of China into the interior. Thousands of students and professors have migrated from the coast to the western provinces.

As we visualize conditions in China today, there are at least three different scenes of student life. First, among the schools and universities which have found their new home in the western provinces. Secondly, among the thousands of students congregated in foreign-protected areas like Shanghai and Hongkong. Thirdly, among those who remain in the so-called "occupied" areas, especially Peiping.

The major scene of student life in China today is among the schools and universities that have moved into the interior. Cities like Kunming, Kweiyang, Chungking and Chengtu have suddenly become the new seats of higher learning.

Before the war broke out in 1937, Kunming had only one struggling university with less than 200 students. But during the last two years, the war has brought six other important universities and colleges to Kunming and its vicinity. The total college population has now been pushed up to 7,000. Other students come from all over China, including Peiping, Tientsin, Shanghai and Canton. In the whole province of Kweichow, there was not a single college before the present hostilities. At present, Kweiyang can boast of one full-fledged university and two important medical colleges.

Chungking can also look to Sha Ping Pa, about ten miles from the city, as its educational center. There are seven universities and schools with a total enrolment of well over 5,000 students. They include the famous National Central University from Nanking and the Nankai Middle School from Tientsin. Chengtu has also added six universities and colleges, besides the original National Szechwan University and West China Union University. Four of these "refugee institutions" are temporarily using the campus of the latter in Hwa Hsi Fa.

INADEQUATE BUILDINGS AND EQUIPMENT. Obviously in all these new centers, there is a general lack of adequate buildings and equipment. Instead of beautiful classrooms and dormitories one often finds temporary matsheads and mud-brick houses.

Hunan-Yale Medical College, now located one and a half miles from Kweiyang, offers its students such accommodations, while the National Southwestern Associated University has over 90 such buildings on its campus outside of Kunming. The rising cost of building materials also adds to the general plight. In this instance the original contract price of \$520 per building has really advanced to \$2,200. Its students sit on the ground to do their reading, have very limited library and laboratory facilities and are often crowded into dormitories equipped with double or triple-decker bunks. Students, too, are scattered in several different places.

In almost all these interior colleges there is a lack of books and periodicals. Libraries seem to have been favorite targets for Japanese bombers while universities whose libraries escaped had neither time nor transportation facilities to rescue

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more than a fraction of such equipment. As a natural result, therefore, classwork has often become empty talks. High foreign exchange rates make all foreign books and periodicals prohibitive.

Since fragile, bulky laboratory equipment, which is difficult to move, is generally lacking. These "refugee institutions," however, have clearly solved the problem by using facilities of the institutions not obliged to evacuate or by ingeniously and skillfully trying to make substitute instruments.

The migration of these universities and colleges from the Peiping-Tientsin area and the coastal cities has brought a new lease of life to the cultural development of these interior cities. The "down-river" students are often quite modern, smart, and move at a quick pace. Men-students usually mix quite freely with their fellow women-students. The English language is freely and quite fluently used among many. Their costumes and habits frequently appear odd to the natives.

This has created the difficult problem of proper adjustment between the local students and those from outside. It is common to hear naive remarks by the local students that, if it were not for the influx of these "down-river" people, there would probably be no air raids, no cholera epidemic, and the prices would not soar so high. But, on the whole, the situation is working all to the good. The "down-river" students have quickened the tempo of the local students and given a healthy stimulus to the lifting of their general scholastic standards.

The migration has also brought about a close relationship between the faculty and students. Some of the universities have moved into the interior in big groups, including students and faculty and even some families. Faculty members and students had to travel together and many professors have won the respect and confidence of the students. When these institutions settled down in the interior, the professors had again to crowd under the same roof with the students and to stand shoulder to shoulder with them in overcoming various difficulties.

Not all big universities have settled down in or near big interior cities. The National Sun Yat-sen University, when it left its palace-like quarters in Canton, located itself in Chengkiang, 40 miles southeast of Kunning, where it could use 30 or 40 temples free of charge. Moreover, Chengkiang in its fertile surroundings has an abundant food supply for 2,000 students plus professors and their families. There is, however, no sewage system, and sanitation is a problem. Since local people think Cantonese are wealthy, profiteering is inevitable. Cost of living has increased enormously.

The National Northwest Associated University, only recently changed to National Northwest University, is also located in a hsien city in the southern part of Shensi. It is called Chengku, 23 miles northwest of Hanchung. The university has four colleges. The College of Arts and Science is using the old Examination Hall in the city. The Normal College is in the Confucian Temple. The College of Law and Commerce is making use of the campus of the vocational school outside the east gate. The Medical College is situated some distance away in a neighboring village of Hanchung. The university's total enrolment is about 1,200 of which 200 are women students.

CROWDED QUARTERS AND NEEDY STUDENTS. The students live in very crowded quarters. The cost of living in Chengku also has gone up since the opening of the University. Rice has gone up from \$25 to \$50 a picul, and pork from \$0.30 to \$0.50 a catty. It costs over \$1.20 to buy a pair of shoes made of native cloth, forty to

fifty cents to buy a pair of socks, and forty cents to get a hair-cut. There are no facilities for bathing and scabies is very common among the local people.

Other universities have also chosen to move to these out-of-the-way places in order to avoid the constant air raids of the big cities. Names like Kiating, Yisan, Shenhsi, Kuloupa, Wukung, Hsichow and Santai were not known to many of us before the outbreak of the present hostilities. But they have all become university towns and are widely talked about nowadays.

Kiating is situated at the foot of the famous Mount Omei in Szechwan. It is accessible from Chungking by the Yangtze River and by air. In the spring of 1938, when the Japanese were systematically bombing Chinese educational and cultural institutions in coastal and Central China cities, the authorities of the National Wuhan University which was then still remote from the war zone, decided to move from its aristocratic campus in Wuchang and chose its new home in Kiating. The 800 students from this university have to be satisfied with old monasteries and temples as their classrooms and matcheds as their sleeping quarters. Most of their reading and research work is done by candle-light or vegetable-oil light, just as their ancestors did for generations.

Generally speaking, more than one-half of the students who have followed the universities into these interior points are destitute. Fortunately, most Government institutions exempt the students from tuition fees and charge practically nothing for dormitory facilities. Only the "guest students" do not often get such privileges. The Ministry of Education has also instituted a system of "loans" to be granted to the students from the war zone. It amounts to \$9 (formerly \$7) a month per student, which is barely enough to pay for food.

One difficulty about these loans is the narrow interpretation of the term "war zone". In practice it means "occupied areas". So only students from the "occupied areas" are entitled to such loans. Those who suffer from aerial bombing or the fire in Changsha are ruled out. The student relief committees of the Y.M.C.A. and the Y.W.C.A. in the various cities, which have received most of their contributions from students abroad, have tried to assist a considerable number of such needy students.

DIRE NEEDS OF INTERIOR STUDENTS. Besides food subsidies, three needs seem to be outstanding among the students in the interior. First is medical aid. In almost every university center in the interior you will find an urgent cry for medical supplies and medical care. The medical costs were very high, generally from \$50 up to \$250 per student. Some of the local hospitals are very kind in giving 20% to 25% reduction to refugee students, but many students still find themselves unable to pay their bill. The universities generally have no special provision in their budget for such purposes.

The National Northwest University in Chengku is fortunate in having two medical doctors, but their hands are kept full. There are only two or three rooms for sick students, and the two little dispensaries are very inadequately equipped with the necessary medicine. Medical supplies are expensive and hard to get in Chengku. For instance, it costs thirty cents to get a tablet of quinine, and often hard to get even at that price.

Secondly, there is the need for pocket money to meet the expenditure on daily necessities. The loans from the Ministry of Education are only sufficient to pay for food. In Kunming, where food prices are soaring, the University authorities are already concerned over the problem of nourishment of their students whose sole source of income is derived from these "loans".

It costs about \$2 to buy a pair of native-made shoes, \$30 to get a decent pair of leather shoes, forty to seventy cents for a hair-cut, forty or fifty cents for a pair of socks, and thirty or forty cents for a little note-book. Foreign text-books are frightfully expensive, and the prices of imported things are almost prohibitive. A piece of Palmolive or Lux soap costs \$1, and a small bottle of Waterman ink \$2.

STUDENTS IN "ISOLATED ISLANDS". In the study of student life in war-time China we must not forget the large number of schools and universities which are now congregated in the foreign-protected areas of Shanghai and Hongkong. Shanghai is sometimes called an "isolated island," but it is undoubtedly the largest student center in the whole country. It is estimated that there are about 30 colleges and universities and 200 middle schools in the foreign municipal areas of Shanghai. The Tsu Shu Building (formerly called Continental Emporium) on Nanking Road alone is housing four universities and 16 middle schools.

Almost all of them have continued to follow the regulations of, or have kept up their relationship with, the Ministry of Education of the Chinese Government. In the fall of this year, many schools and universities have reported a much enlarged enrolment of students. This is partly due to the difficulties of travel to the interior, and partly due to the belated announcement of the results of the unified government university entrance examinations. The students in Shanghai have played a very important part in the educational work of the refugee camps, in the raising of money for a variety of patriotic purposes, and in the active resistance against puppet domination of Chinese educational institutions.

STUDENTS IN HONGKONG. Hongkong and Macao have become the refuge of a large number of schools and universities from Canton. Almost all the Christian middle schools in Canton have now found a new home in Hongkong or Macao. They are all housed in congested quarters and are paying a very high rent. Most of the students in Hongkong are day-students, partly because in the majority of cases their parents have also taken refuge in Hongkong and partly because the schools do not have sufficient dormitory facilities. Lingnan University is very lucky to have found accommodations in the spacious compound of Hongkong University, with classes in the afternoons and evenings.

The British authorities in Hongkong have been, on the whole, quite cordial to these "refugee institutions" and have not interfered with any of the student activities within the school compound. There is a Hongkong Student Relief Association, which has a large membership in the different universities and schools. The work is not confined to relief, but extends to many other kinds of inter-school activities.

STUDENT LIFE IN "OCCUPIED" AREAS. Most of the students and teachers have moved away. School premises are often used as barracks. Yenching University, Fu Jen (Catholic) University, and the Peking Union Medical College have managed to continue in Peiping and are comparatively free from Japanese interference because of their foreign connections. The middle and primary schools are not so fortunate, even though they may be missionary institutions. They have to have their textbooks censored by the puppet authorities and make the Japanese language a definite part of their curriculum, putting English in a subordinate position. The teachers have to encourage their students to write "goodwill" letters to the Japanese students and to take part in the so-called "victory parades" after the fall of Nanking, Canton, and Hankow, etc.

THE NEED FOR A POSITIVE AMERICAN POLICY IN THE FAR EAST

SPEECH OF
HON. DAVE E. SATTERFIELD, JR.
Of Virginia In the
HOUSE OF REPRESENTATIVES
February 7, 1940

MR. SATTERFIELD. Mr. Speaker, Japan has had more than 6 months in which to contemplate the termination of a 29-year-old commercial treaty which, after notice to her, expired on January 26, 1940.

The present Sino-Japanese war began on July 7, 1937. Nine days later Secretary Hull issued a broad declaration of the fundamental principles of American foreign policy, and thus Japan has had nearly 3 years to consider the effect of her continued violation of American rights and legitimate interests in China. To date there is no cessation of these acts. On the contrary the events of each day disclose a continuing and consistent disregard of those treaties and agreements voluntarily entered into by Japan and designed to safeguard national sovereignty and equality of economic opportunity.

I have observed that when the people of this country possess the facts public opinion forms swiftly--and usually it is sound. It is amazing how people here in America have patiently and understandingly followed the long sequel of events leading up to the present state of affairs in the Far East. Beginning with the Nine-Power Treaty, signed here at Washington in February of 1922, with Japan a party, Americans have step by step traced developments in Asia until today public opinion, the keystone of this Government, is overwhelmingly in agreement with Mr. John Hay and demands that China be permitted through natural evolutionary process to gain her liberation. They are taking the long view of the situation and they are convinced that we are "sowing the wind," in lending our money, our industry, and our political influence to the uses of Japan.

Mr. Speaker, impetuosity has not led them to this conclusion, nor has prejudice played a part. It is a sober judgment of a people who have never condoned tyranny nor failed to indict injustice. A momentous issue of right and wrong confronts the people of America. Shall we continue to be partners with Japan in her unjustifiable invasion of China or shall we refuse henceforth to furnish Japan with materials of war? The time has come for this country to make its decision whether it will give further aid and encouragement to this aggressor. I have an abiding conviction that many of my colleagues voted for the Neutrality Act last year because its intent and purpose was favorable to the nonaggressor nations of Europe. We shall have to decide whether or not our course in Asia in the immediate future shall be for or against the nonaggressor nations. Every Member of this body realized many months ago that when we forsook the application of the time-honored international law in our relationship with the nations of the earth we bade consistency farewell. We have deliberately embarked upon a foreign policy through which we shall henceforth endeavor to search out equity and justice in each problem with which we are confronted, and to make those decisions thereunder which smack not of pious platitudes, but on the contrary reflect our determination of finding ways and means to convince the world that this country will not tolerate the aggression of the lawless.

The trend of events in the Orient would have tried the patience of Job. Americans everywhere have borne, with no small degree, our forbearance with the policies

of Japan in China until he who runs may read that Japan has embraced the war philosophy of Germany and Russia. If there is doubt as to this, I refer the House to the following statement from the Japanese War Office. It is that country's definition of what war is:

War is the father of creation and the mother of culture. Rivalry for supremacy does for the state what struggling against adversity does for the individual. It is such impetus, in the one case, as in the other, that prompts the birth and development of life and cultural creation.

I venture to make this prophecy that unless the United States deals swiftly and resolutely with Japan we shall have to endure the chicanery and artful dodging which characterized these familiar events leading up to Munich.

Mr. Speaker, there is every reason that this country should deal promptly with this question. Americans will not exhibit the same degree of forbearance which the British Foreign Office exemplified in its dealings with Hitler. Let us review briefly the successive events in Asia:

First. We laid the cornerstone of American far eastern policy in February 1922 with the signing of the Nine-Power Treaty. Japan was a party to that treaty and solemnly agreed to respect the sovereignty and independence of China, to provide the fullest opportunity for China to develop and maintain herself, to refrain from taking advantage of conditions in China in order to seek special rights and privileges which would abridge the rights of the Chinese and citizens of friendly states.

Second. In September 1931 Japan invaded Manchuria. The League of Nations and the United States considered possible action.

Third. The then Secretary of State, Mr. Stimson, announced the doctrine of non-recognition, which was concurred in by resolution passed by the League of Nations in 1932.

Fourth. Five years pass and the Sino-Japanese War begins in July of 1937. Mr. Cordell Hull issues a broad declaration of the fundamental principles of American foreign policy, which was communicated to Japan.

Fifth. One month later Mr. Hull issues a public statement reaffirming the previous declaration.

Sixth. One month later China appeals to the League of Nations. The League recommended aid to China.

Seventh. One month later Secretary Hull issues a statement in which the Department of State takes the position that the action of Japan in China is inconsistent with the principles which should govern the relationships between nations and is contrary to the provisions of the Nine-Power Treaty of 1922. Thus we named Japan the aggressor.

Eight. Immediately Japan replied and says, we are not breaking any treaty, we are just trying to get China to abandon her anti-Japanese policy.

Ninth. Approximately another month passes. It is November 1937, and a conference has been called at Brussels with the approval of this country. Nineteen nations attend, among them the United States. Japan does not attend, instead she sends a

message that her action in China is purely one of self-defense and especially because of the provocative action of China in resorting to force of arms.

Tenth. One month later Japanese military aircraft bombed and sank the U. S. S. Panay; 2 days thereafter the Japanese Government expressed regret, admitted responsibility, and offered amends.

Eleventh. One month later our Ambassador, Mr. Grew, is writing notes to the Japanese Minister for Foreign Affairs protesting and demanding that the disregard of American property rights and disrespect for the flag cease.

Twelfth. One month later the Japanese Minister Hirota writes our Ambassador that this Government is studying how they can elaborate effective and adequate measures that as soon as possible may put a definite stop to the occurrence of similar events.

Meantime the bombing of civilians goes on in China and Acting Secretary Welles in June of 1938 pens a note to the Japanese Government reiterating this Government's reprobation of ruthless bombing of unfortified localities with the resultant slaughter of women and children, and characterized such methods as barbarous.

In November the world is treated to a rather remarkable document. It is a note from the Japanese Minister to Mr. Grew in which Japan proclaims a "new order" in the Orient.

We are told that Japan at present is devoting her energies to the establishment of a new order based on genuine international justice throughout east Asia, the attainment of which end is not only an indispensable condition to the very existence of Japan, but also constitutes the foundation of an enduring peace and the stability of east Asia. Apparently this new order is to grow out of the benevolent usages of explosives and implements of war in the hands of a ruthless invader.

The American Ambassador in a note to the Japanese Minister in December of 1938 rejected Japan's new order, and stated to the Japanese Government that the United States is well aware that many of the changes in China have been brought about by action by Japan, and that this Government does not admit that there is need or warrant for any one power to take upon itself to prescribe what shall be the terms and conditions of a new order in areas not under its sovereignty, and to constitute itself the repository of authority and the agent of destiny. Following this note no noticeable change in Japanese policy has been made in China. In October of 1939, Mr. Grew, in an address before the America-Japan Society in Tokyo, informed the Japanese people that Americans believe that an effort is being made to establish control, in Japan's own interest, of large areas on the continent of Asia, and to impose upon these areas a system of closed economy. He likewise informed the Japanese people that Americans have been profoundly shocked over the bombing in China not only on the grounds of humanity but also on the grounds of direct menace to American lives and property, and the interference with American rights by Japanese armed forces in utter disregard of treaties and agreements existing between the two countries.

One other event has transpired since October, and that was the expiration of the trade treaty in January of this year. It may be, Mr. Speaker, that the Japanese Government now occupies an anxious seat as indicated by Ambassador Horinouchi's inquiry no longer than this week as to whether or not after January 26 there will be any change in American duties and tonnage rates now imposed upon Japanese imports, and secondly, whether there is any possibility of an exchange of notes between the

two Governments defining immediately the future status of trade relations, and lastly, what will be the position of Japanese merchants who have been doing business in the United States under the old treaty's provisions. It would appear that the policy of this Government at the moment is that our trade relations with Japan will remain on a day-to-day basis, but that does not suffice if the day-to-day basis permits the continued sale of scrap iron and other munitions of war to this aggressor nation.

As an illustration of the willful, headlong course of Japan, I refer to the membership of this House to its last act to date. The French-owned railroad from Indo-China to Yunnan Province is about the last remaining medium over which American export to and import from China can pass without first asking the permission of Japan. Within the past week representatives of this Government have pointed out to Tokyo the harmful effect upon American trade with China of the continued bombing of this railroad by Japanese planes. The Japanese Government has not paid the slightest attention to our request.

Then, again, according to the latest news bulletins, a recent sale of 300,000 bushels of wheat has been made to Japan carrying a 30-cent-a-bushel United States Government subsidy. Can it be possible that while the State Department is doing all that it can to bolster a "moral embargo" on airplanes and bombs, the Department of Agriculture is going about the business of filling the stomachs of the pilots of those bombers?

These things have happened since or at about the time of the expiration of our trade treaty with Japan. And they evidence a Japan so far unimpressed either with the representations or protests of our State Department. The Japanese mind is quick to discern these inconsistencies and to note our willingness to go on protesting from month to month. The Congress wishes to move with care and caution in its consideration of this matter--it does not wish to impede or embarrass the State Department in the handling of this problem, but I believe I express the thoughts of the great majority of my colleagues when I say we have a real stake in the Orient and we cannot afford to shut our eyes to the possibility of a great Japanese Empire stretching away from Siberia to Singapore.

It is highly significant that Japan should continue now to ignore our protests.

Pending in the Congress are at least four bills proposing to prohibit the export by us to Japan of arms, munitions, and the raw materials out of which they are manufactured. Let the State Department deal with this matter if it can. Negotiation will not accomplish the desired results; we have been negotiating since 1922. We are unwittingly fattening the war lords of Japan at the expense of the Japanese people themselves. We are the fabricators of a Japanese menace--a menace built upon American exports. Day by day we build the Japanese Navy and then hunt anxiously for the millions of dollars necessary to build our own battleships to defend our shores.

I believe it to be the wish of the House that the State Department shall inform the Japanese Government of what is expected henceforth of it, and that this should be done early enough in the present session for the State Department to derive the full benefit of legislative action if necessary. Already there is every sign that the Japanese regard our bark as much worse than our bite. Without a more positive American policy, at least to the extent of withholding economic aid to Japan, the present conflict will rage for years. (Applause.)

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reprinted from The China Monthly.

LETTERS MORE LETTERS

The Welles mission to Europe, the Finnish crisis and acute controversies in the Senate over various legislation appear to have obscured the embargo question for the moment, but actually there is ground to believe that a favorable attitude has developed in Congress and in some important administrative quarters to justify renewed effort at this time. Many members of Congress quite properly desire advice from the administration before committing themselves for or against an embargo on the export of war materials to Japan. The most effective action that can be taken now is therefore to convince the President and the Secretary of State that the American people really demand that American economic assistance to the Japanese invasion of China be stopped. Unless action is taken soon to give the President the necessary authority, no legislation will be possible for another year after a new Congress has been elected. So write to the President and the Secretary of State now.

NEWS FROM DR. FRANK W. PRICE

A letter received within the past few days reports that Dr. Price expects to return to his work within two weeks. It also reports that Mrs. Price had an emergency appendectomy on January 14th. She is recovering satisfactorily.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL. FORMERLY COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI, CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING, SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

SUMMARY OF CHINA NEWS

Loans to China. The United States announced on March 8, a loan to China of \$20,000,000 from Export-Import Bank appropriations. China is paying back her previous \$25,000,000 debt to the U. S. ahead of schedule, Jesse M. Jones, Federal Loan Administrator stated. In a little over a year, she has paid back \$2,300,000 (almost ten per cent) of her original loan in tung oil. The new loan is secured in tin.

Chungking announced its pleasure at the decision. Sounds of displeasure emanated from Tokyo. Foreign Office spokesman, Yakichiro Suma, was reported to have described the loan as an unfriendly act toward Japan, although Japan's displeasure, he indicated, was to be expressed only informally through its press. Real motive for Japan's annoyance, according to Hugh Byas writing in the New York Times, was the imminence of the Wang Ching-wi puppet regime, and Japan's desire that this regime be recognized by foreign powers.

China Aided by Rockefeller Funds. A new project for the training of rural reconstruction experts in China was announced from Chungking on March 6. A fund of \$200,000 in Chinese currency is to be donated to the project by the Rockefeller Foundation.

Answer to the Puppet. In answer to the continued ballyhoo from Shanghai and Tokyo concerning the long promised, but still unmaterialized puppet regime of Wang Ching-wei, China's powerful secret societies have openly banded together in support of Generalissimo Chiang Kai-shek. These societies are reported to include 20,000,000 members through China. A representative meeting of 1,000 of these members held in Chungking resulted in the unification of all the societies and their pledge to support the National Government.

And as far as the puppet's work goes....his regime was promised for March 6, but nothing happened. Now dispatches predict that it will be set up by the "end of the month." He was reported to have agreed to a complete program of Japanese monopolies over Chinese defense industries.

Saito Expulsion. As significant as the expulsion on March 8 of Takao Saito from the Japanese Diet, was the long and heated fight that went on during the weeks previous to the final decision. Saito, advisor to the Minseito (a political party), was expelled from the Japanese Lower House for publicly criticizing the army policy in China and urging that troops be withdrawn in order that peace could be negotiated. Some factions felt that he should not be expelled for his action, others felt he should. Advocates of expulsion won out, but Saito announced that he would run again for Congress in April elections. Said the New York Times editorially, "His crime was not that he doubted the wisdom of Japan's whole policy in China....His crime was that he stood up in Parliament and spoke his mind like a brave man."

Japan and the other Powers. Japan, in her foreign relations, is still acting as though her right hand did not know what her left hand was doing or wanted to do. One day she refuses to allow shipments of foreign foodstuffs into Tientsin, badly needed to avert widespread starvation. The next day she is reported "wooing Britain and France." Japan's degree of sincerity in "placating" the United States in regard to the opening of the Yangtze was shown up last week when War Minister General Shunroku Hata stated that if foreign powers aggressively obstructed Japan's military operations in China the Japanese authorities might not reopen the Yangtze

River. The entire basis for the opening of the Yangtze, promised three months ago by Nomura, was to show the United States that Japan intended to retain the open door policy. But now it seems it isn't the open door policy she was interested in at all. She merely wants to throw a plum to foreign powers who will approve of her military invasion of Chinese soil.

Illuminating side-light on America's power to end the war was contained in a dispatch from Frank H. Hedges, New York Times Correspondent, dated in Tokyo, March 2. Says Hedges, "Japan for a time believed that the United States was merely bluffing....No actual material change in American-Japanese trade has resulted since January 26, but the Washington Government has the power to strangle, at a moment's notice, this trade that is absolutely vital to Japan's economic well-being and ability to wage warfare on a large scale." This situation, he added, is "little short of terrifying to Japan's business world."

HANGCHOW IN 1940

From Shanghai Correspondent

HELL BELOW. For centuries past the Chinese have called the city of Hangchow "Heaven Below." In the beginning the third year of Japanese occupation under conditions which are changing for the worse, they are now calling it "Hell Below." There is today a general prevalence of lawlessness. Wrecking gangs without effective interference from present authorities and thought to be in collusion with the nearest Japanese authority on guard, are working usually at night in the destruction of houses. By means of these destructions, regular supplies of materials are provided for sale for fuel and for re-use as building materials, though demand for this is almost nil since very little building is going on. In contrast there is widespread destruction of many old-type Chinese residences which, in the period of reconstruction, will never be rebuilt because of the influence of modern architecture.

PRICES. In contrast with even one year ago, there is this year in the face of greatly multiplied need for poor relief, not a single government maintained rice kitchen for the poor. Since the death last year of the first puppet mayor who local opinion thinks was murdered because he was not sufficiently amenable to Japanese control, matters have gone from bad to worse in the government of the city. Prices of rice, though Hangchow is in the heart of a center which ordinarily produces a large surplus of the grain, are slightly higher than in Shanghai. Prices of other food stuffs are increasingly high. Most of the time rice is hard to secure. This and the condition of high prices generally is said to be due not to scarcities but to Japanese control of the necessities of life. There is a tax on rice alone which is more than one-third higher than the price of rice before the Japanese occupation.

RELIEF. Under distressing conditions of increasing suffering of rising prices, growing exactions at the expense of the people, empty homes, shops unopened since the city was occupied and official indifference to public suffering, the brunt of relief activities is falling entirely on private enterprise. The moving spirits in this relief work are church and mission leaders. Funds to make possible their efforts are coming now primarily from the United States, but American generosity is not able thus far to measure up to needs. All work is carried on under sub-committees of the Red Cross and there is not one of the ten centors giving their effort primarily to children which does not have to turn a deaf ear to appeals to add to their numbers. Limited funds and rising prices for plain rice,

sparsely provided with vegetables, make response to growing needs impossible. An incidental feature of such children's relief is educational classes in which the training not given by the government is somewhat provided in the relief centers. Thus interested friends of China in America, through rice bowl dinners and direct contributions through the Inter-church Movement are saving children from under-nourishment and starvation and helping in their training for coming citizenship.

JAPANESE MILITARY CONTROL. Japanese control in the city, so far as military activities go, is less effective than it was two years ago. There are frequent essays of guerrilla forces into the city and there are sections of the city in which control is no more effective than the occasional appearance of patrols which do not appear at all in the hours of darkness. It is said also that guerrilla forces are now actually resident in parts of the city and that they are able to give effective cooperation to the attacks which come from time to time. During the past few days there has been increased Japanese movement in connection with their operations now extended to the south side of the river. There was no crossing at Hangchow, but a landing some 15 miles below the city. Activities as a result of this landing are obscure, but if the Japanese hold is maintained, it will go far toward solving the Japanese problem of guerrilla attacks on Hangchow and surrounding regions, for the main base of operation for the guerrillas is on the south side of the river which they are able to cross back and forth apparently at will.

NEW TROOPS. There has certainly been a recent addition to the number of troops in the Hangchow region. These recent arrivals in their contempt and lack of consideration have reminded the local residents of the earlier days of the occupation when there was wholesale occupation of homes, molestation of women, free use of furniture and woodwork from homes to make fires to keep the hands of soldiers warm. To make matters worse, incoming soldiers, instead of going back to centers where there are buildings formerly used for barracks, are occupying new centers and bringing terror and suffering to people who had escaped the worse effects of early days of the occupation. There is still convincing evidence either of a lack of discipline or callous indifference to the suffering of the people.

REPORT OF FOREIGN OBSERVER, JAN. 24, 1940.

CHRISTIAN INSTITUTIONS MOLESTED. The freedom from molestation enjoyed thus far by Christian institutions in Hangchow, has been suddenly broken - according to a Domei dispatch which has just reached Shanghai.

Five teachers in a special school operated by the Presbyterian Mission have been arrested for "subversive activities". We in Shanghai have heard no more, but are inclined to think we have a pattern of arrests which has become familiar in Korea, Manchuria and other parts of occupied China - to strike at an institution by arresting its Chinese staff. - Shanghai Correspondent, Feb. 15, 1940.

SPIRITUAL MOBILIZATION AND THE CHRISTIAN CHURCH

Extracts from letter by Bishop Ralph A. Ward
Chungking, China.

"Spiritual mobilization" is much more than a warcry. It calls to the future. To the Chinese this is no war of conquest. It is a struggle for finer human values. And even the static masses of China's yesterdays have some measure of personal concern for its outcome. No modern war is merely on battle fields with guns and

airplanes and slaughtered soldiers. Surely not in China. Morale, daily food for the people, the continuing processes of social growth, finances - such things are inescapably vital. And in them the Chinese "carry on". Some day the war will be over. But the vast new momentum of these war years will rush onward. -- Whither?

In all of this lives the Christian Church in China. I say "lives." It is no mere organization. It is no longer a mere foreign mission. Both in "Free China" and "Penetrated China" I have talked with many Chinese - Christians and non-Christians, people high in the government and people outside of it - about the place of the Christian Church in China during these years. In other years I found criticisms, some times even vitriolic criticisms. Not so now. The Church is approved because of its service to those who suffer because its devotion to human rights does not transgress national spirit in a great struggle for self-government and because the Church has a recognized ministry to spiritual needs at a time when men with perception see that China needs a regeneration which is organic and spiritual even more than it needs reconstruction which is mechanical.

Nearly a year ago the successful Chinese principal of one of our Methodist High Schools resigned his comfortable job in "Penetrated China" and asked for an appointment in relief work. He said that he wanted no salary, only to be known as a representative of the Church to help the sick and wounded. A Chinese friend "loaned" him enough money for his living expenses and to give away. I "appointed" him. Time and again he was offered government positions with good salaries. He refused them all and sought out camps of the wounded and dying. Chinese and a few foreign friends gave money for his work - first a thousand dollars, - then five - then fifty thousand - then more. Early this month the National Minister of Finance and Madame Chiang Kai-shek launched a campaign for two hundred thousand for his "Friends of the Wounded".

Last month I invited him to speak at our Methodist Annual Conference held in a small town in the West. About a hundred preachers, Bible women, and other Christian workers composed the meeting. Perhaps a fourth were foreign missionaries. Every person responded with deep feeling. I thought they might contribute a thousand dollars. To the amazement of all of us they gave ten thousand dollars, the larger part of it given by the Chinese Christians themselves. One Chinese woman in Church work gave a whole month's salary. Our Chinese friend who asked for a non-salaried "appointment" last year has literally followed in the steps of Florence Nightingale. And in his work the Church can co-operate as "Friend of the Wounded."

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NORTH CHINA REPORTS. "We had an American visitor from Korea who said the Japanese authorities had told the people of his church to have as little as possible to do with the foreigners as they were to be driven out sooner or later. The same has been told the army police in ----- with the addition: 'All missionaries are spies and against the Japanese and therefore will have to be driven out.' In spite of their assertions that they have nothing against the foreigner if he will cooperate in the 'new order in Asia', they have discovered the way to get rid of him and are using it. That is to persecute our Chinese friends if they have anything to do with us, and compel us to get out to save the lives of our friends. In this way, they have driven out 400 British. So far they have fought shy of offending America for the sake of the trade in necessities of warfare. Still there are signs of their beginning on America as soon as we show our real attitude of opposition to trade after Jan. 26th."

THE NEW ORDER CONFRONTS THE FARMER

From Correspondent in Occupied Area

THE FIRST INCIDENT

On January 17, 1940 twenth-three country folk started from their village to take some produce to Shanghai, traveling by way of canal boats to the Yangtze River, and thence by river steamer to Shanghai, as in this way they can make the trip without meeting any Japanese soldiers or guards. The first part of the journey is an overnight trip in a small row boat from their village to the small river landing X, where the inlet empties into the Yangtze. At this point the country people with their baggage transfer to a small boat to go out to the middle of the river and board the large river steamers for Shanghai. In this party, seven or eight of the farmers had eggs, some had rice flour, wheat flour, or cloth. Ah Yong and his wife had four live chickens, and five large reed baskets filled with eggs, 300 each, a total of 1500 eggs which they had bought in part wholesale, and in part were handling on a commission basis (so I think). After paying all expenses he had hoped to earn about \$20. on the lot.

Arriving about 10 a.m., Jan. 18th, they had transferred to the small sail boat awaiting the arrival of the river boat which was due about noon. One load of passengers had gone out to the boat in mid-river, when they saw some Japanese coming on bicycles. The boatmen being afraid to start with another boat load, waited for the inspection of passes. A Japanese unit is stationed at a market town, north of T-, and since January 12 their men have been coming to X- for inspection of outgoing and incoming passengers. In this case there were six Japanese, and they stopped the passengers from going out to the river boat, and required them to return to their own small row boats; and at the same time, as a fine, they took all the chickens, and five eggs from each basket. The crowd thus detained missed the steamer and so spent the night on their small row boats.

About noon of the second day, they tried again to go out by sail boat to catch the river boat; but this time they were intercepted by a group of about 30 Japanese, who very angrily surrounded the group of farmers and took their produce from the boats, stacking it all together in one place near the head officer who called for an inspection of passes. While thus surrounded, several of the countrymen, in consequence of being heavily bundled in winter clothing, and thus slew in extricating their passes from their inside pockets, were severely beaten by the Japanese. The soldiers used bamboo and sticks and two of the Chinese had gashes split in their scalps; whereupon a unit of two Japanese Red Cross men came forward and administered first aid.

The officer in charge ordered them to line up, and then called them forward by two's, permitting them to take one each of their various articles of baggage, after which they backed off into the distance. But as each member of a family group went up to recover an article, and as some took the chance of not being recognized and went up a second time, they were able in the end to get back all of their produce (except the egg baskets had been handled roughly and many eggs were broken). It was during this time that the head officer informed them that there were five kinds of farm produce which were not allowed to be brought out of the country districts: rice, wheat, chickens, cotton, lumber.

In the meantime the Japanese had taken away their small row boats, and told them they must call other boats; but none of the local boatmen would agree to row them home. Finally after much begging and pleading the farmers were allowed by the officer to have back their own boats, about 3 p.m., in which they replaced their

baskets and sacks. But during the time when it was being suggested that they return home, they learned that a band of robbers had robbed some of the late boats; so they decided to stay at X- and not risk returning home for the time being. They waited day after day for the arrival of a river boat at a time when the Japanese were not there; and fortunately on January 24th, the 7th day after setting out from home, they succeeded in boarding one which arrived and departed before the Japanese guard became aware of the circumstance. During this enforced delay, they paid 40 cents per person each day for board. This consisted of rice and a little salted fish, there being no vegetables, and their own eggs being too valuable to eat. There was no restaurant and no other way to get food. Ah Yong and wife arrived in Shanghai, travel worn, frightened, and almost without money, having been eight days on a journey that ordinarily requires but two days. They had spent about \$10. per person (the equivalent of their hoped-for earnings) and had lost, in addition, their chickens, and several hundred eggs from breakage. After several days the wife returned by the same route, hoping that as a woman without money or baggage, she could get by the Japanese guards, which she did. Ah Yong after more than a week got a pass and returned via Soochow.

CONFISCATION OF RICE - INCIDENT TWO

During the enforced wait at X- this group of farmers encountered two other incidents, between some rice boats and the Japanese. They learned that on January 7th six boats of rice had left their district, rowing slowly, reaching X- just about Jan. 12th, when the Japanese were instituting their new inspection. (Why they began coming to this place is not known; but always in such cases, traitors are suspected of having given the information that rice was getting out from this river landing). The Japanese took eight of the boatmen into custody, and forced them to send for the owner of the shipment of rice. On his arrival the eight boatmen were released but the owner was severely beaten. His six boat loads of rice, comprising 90 bags were loaded on to an open cargo boat and then taken off by the Japanese to the nearby town. The owner was fined \$5. for each bag (90 bags totaled \$450.), but as he had no such sum in cash, the fine had to be paid in rice. Each bag of rice was valued by the owner at \$36, the normal current price. With a fine of \$5. on each bag it still ought to have been worth \$31. Even so, the Japanese set a price of \$24. on each bag and forced the owners to pay their \$450. fine in rice at \$24. a bag, thus about 20% of his rice was confiscated.

INCIDENT THREE

Unfortunately the news of this first rice boat incident did not get back to the country folk in time to warn our group of 23 who started out on the 17th with their chickens and eggs; nor a second group of 36 rice boats with a cargo of 1,000 bags of rice. These rice boats had arrived at X- and apparently heard only then of the Japanese inspections; so they moored their boats about five or six li up country. Nevertheless the Japanese got the information in some way, and on finding the boats made them row on in to X-. Then they tied up 60 of the boatmen (others made their escape) gave one blow with a stick to each man, and took them all off, leaving the rice under guard at the landing. They fined the owners 100 bags (one-tenth of the total 1000 bags) which were removed by the Japanese. The remaining 900 bags were released to the owners with the privilege of selling it at the fixed price of \$24. a bag, or returning with it to their own homes. Some did sell, thinking this the better chance to salvage something out of the situation. Others who did not want to sell at this price tried to return, but were taken by the Chinese puppet police (presumably the Peace Preservation Corps of the puppet provincial government) to the new government there for a final settlement. At the time our crowd left X- no word of a settlement had come through; and they were fearing still further foul play from the puppet police.

(Note: The puppet police are Chinese in Japanese uniforms who are appointed from Soochow; but in reality they are afraid to help either side directly for fear of the consequences later from the opposing side.) The above incidents illustrate the plight of the Chinese farmers in the occupied areas, both as to small transactions in chickens or flour or eggs, and in large transactions involving big shipments of rice.

ADDRESS OF SENATOR LEWIS B. SCHWELLENBACH OF WASHINGTON

THE AMERICAN FORUM OF THE AIR, SUNDAY, FEBRUARY 18, 1940

Over the Mutual Broadcasting System

What the world most needs today is simple, common honesty. The best standard by which to judge the honesty of nations as well as men is whether they keep their word. Broken promises, broken pledges, broken treaties, have contributed more to the present world disaster than has any other single factor. These breaches of faith have not been limited to any single nation or group of nations. I do not deprecate the importance of economic needs in the present situation. However, if the nations of the world had kept their word during the last quarter century many of these economic factors would not today exist. Had Germany and Russia believed that England and France would keep their promises to the smaller nations, they would have never dared to plunge the world into its present condition.

What are just a few of these broken promises? England and France made their first mistake in repudiating their financial promises to us. By that act they made certain that we would not again rush to their defense. Hitler knew that. Hitler relied upon it. France made its mistake when it broke its promise to Germany to disarm after Germany had been disarmed. Hitler used that to get his power in Germany. England made its mistake when it broke its promise to China when Japan took Manchuria. England and France broke their promise to Ethiopia. Since then treaty breaking, promise breaking and word breaking have been the rule instead of the exception. International morality reached the lowest point since the 17th Century. The present war is the natural and logical consequence.

Our people want peace. We want peace not only for ourselves but for the entire world. We want that peace to last. We hope when the present wars end to play some part in establishing a lasting peace. To my mind that hope will be barren unless we can enter into such a peace conference with a record clear of the taint of treaty breaking on our own part. The only leadership we want to give the world is moral leadership. We must have our own hands clean if we try it.

Are our hands clean today? Unfortunately, they are not. We, too, are violating a treaty just as sacred and just as important as any ever written.

What treaty are we violating? In 1921, in our endeavor to reduce naval expenditures among the great powers, the Washington Conference was called. Its chief purpose, in the beginning, was the limitation of naval armaments. The most important accomplishment of the Conference, however, was the adoption and signing of the Nine-Power Pact. In that pact, we joined with seven other nations in agreeing to respect the territorial and administrative integrity of China.

This was not the first contact our nation had had with China. For 125 years, we have been sending over missionaries to open schools, colleges, hospitals, and churches. In 1899, we intervened in China and insisted upon the Open-Door policy. We insisted that our rights in China be recognized and that no other nation could create a sphere of influence there. During the World War, China readily complied with President Wilson's request and declared war upon the Central Powers shortly after we entered the world conflict. When that war ended, however, China profited not at all. The net result, so far as China was concerned, was that her old rival and enemy - Japan - was given all of the German rights in China. In retaliation of that, and with disappointment with the way she had been treated by her allies, the Chinese people commenced their effective boycott against Japanese goods. It was an effective boycott. Its success struck vitally at the economic structure of Japan.

It must be remembered that then Japan did not have her diversified foreign trade, her merchant marine had not been built to the strength it now occupies. To Japan, Chinese trade was of vital importance. By the time of the Washington Conference on Armistice Day, 1922, the Chinese boycott had reached a state of well-nigh perfection. In that Conference, we asked Japan to agree to a naval program which meant economy for us and also lessened the danger to us in the Pacific. In consideration of Japan's agreement in the naval side of the Conference, we induced China to discontinue the boycott. In payment for this action on China's part, we wrote into Article I of the Nine-Power Pact the agreement "to respect the sovereignty, the independence, and the territorial and administrative integrity of China." All nine of the nations agreed to it. China, relying entirely upon her trust in us, surrendered her most effective weapon. China believed her sovereignty and independence, administrative and territorial integrity would be respected by the nations of the world. Yet today China suffers, and her territorial integrity is being destroyed. We, for the profits involved, are aiding, abetting and cooperating in that destruction.

We today are Japan's most important ally in her war with China. Were it not for the assistance of the United States, Japan's China campaign would probably have collapsed many months ago. Japan is a nation without the necessary materials of war. Japan has no oil with which to operate her airplanes, her tanks, her trucks, her automobiles, or even her battleships. We furnish 65 percent of that which she secures from the outside world. We furnish 90 percent of the scrap iron and steel with which she manufactures her munitions. We furnish 90 percent of the copper for her munitions. We furnish 99 percent of her other metals for alloys for munitions preparations. She must have metal working machinery - our contribution is 67 percent of that. We furnish 64 percent of the automobiles and parts which Japan is using in China.

It is true, we furnish no soldiers - we do, however, furnish the materials for the munitions which those soldiers use. We furnish no airplane pilots, but we furnish the gasoline to propel the airplanes. We furnish no tanks or truck drivers, but we furnish the tanks and the trucks, the gasoline to operate them and the oil to lubricate them. We are in the Japanese-Chinese War right up to our necks. We are Japan's "Number One" partner. China is being destroyed. We are making the profits.

But don't for a minute think that we are not taking a chance. You mothers and fathers, whose boys are coming into military age, need have no false sense of security coming from the belief that we can play this game of profit-sharing permanently without risking the lives and bodies of those young men you love. Every month, every week, every day, we make possible the prolonging of the Far Eastern War, to that extent do we enlarge the danger of ultimate world conflict, from the ravages of which we can hardly hope to escape. Every dollar of profit enjoyed by the American oil producer, the American scrap iron and steel shipper, the American manufacturer, may ultimately be paid for by the life of an American soldier, the family of whom now thinks that he is safe.

No one can deny that in this matter our duty is clear. Every substantial poll of public opinion shows that at least 75 percent of our people recognize this duty. That duty is to comply with our treaty obligations and stop our citizens from further violation of the Nine-Power Pact. Common honesty, common sense, and cold-blooded logic require that we do no less.

SUMMARY OF THE SITUATION IN CHINA

Notes on a visit to Chungking and Kunning, reprinted with permission from "China Air Mail", Hongkong, Jan. 17, 1940

The prospect of peace, at present, is apparently small. The Generalissimo maintains his determination to continue the war, whatever fresh difficulties may arise. He rates the Chinese Army "50% stronger than it was at the beginning of the Sino-Japanese conflict" and China's power of resistance in general "considerably greater than it was two years ago". Opinion in Chungking, as a whole, is fairly agreed that peace at this juncture would mean virtual surrender to Japan, that it is not imperative for China to end the war shortly, and that time still works in her favor.

Military developments are once more coming to the fore. During the last month there was more fighting on various fronts than for a long time and further military operations are expected. With the recent occupation of Nanning Japan has taken the last Chinese position of major strategic importance within reach of her armies. The dangers which threaten China from further Japanese land offensives and air bombardments are now mainly economic. They are, however, sufficiently great to require determined defensive action, and Chungking is aware of this.

China's new national unity does not seem to be in jeopardy. Some of her internal problems are admittedly growing but others are gradually being liquidated. Chungking's relations with the Chinese communists have become cooler and somewhat more tense. Neither side, however, wishes to see a break and it seems that a crisis can be avoided. The leaders of Yunnan Province remain politically loyal to the National Government. Rumors to the contrary originate from misinterpretation of the fact that their traditional semi-autonomy still makes itself felt in economic matters. Whatever difficulties the Central Government may have had recently with the former leaders of Szechuen Province (in which Chungking is situated) are being overcome as a result of the Generalissimo's assumption of the Governorship. The unoccupied parts of Kwangsi and Kwangtung in South China have been partly garrisoned by Central Government forces. The recent Japanese offensives in these provinces which caused this new development, may thus serve to remove the remnants of their former semi-autonomy.

Political danger from the Soviet Union is almost generally discounted in Chungking. China's dependence on Russian technical assistance is certainly increasing. Yet there is no evidence of growing Soviet influence on the National Government or of Russian political demands on China. Relations are formal and business-like: mutual suspicion seems to be outweighed by a wide identity of interests.

Chungking is under no pressure from London, Paris, or Washington to conclude peace with Japan. Diplomatic relations with these capitals are most cordial. The existing problem concerns: (a) Western relations with Japan and her Chinese "puppet" institutions, (b) reactions of the European War on China, and (c) the Powers' economic assistance to China.

Financial, economic and transport problems have become of foremost importance. The price level in Free China, which is affected by all three factors, is now much higher than it was in the summer. It has recently ceased to rise further because the shortage of commodities and even the influence of transport difficulties are not as great as the price increases might seem to indicate. The currency situation, moreover, is under control and there is no acute financial and economic danger.*** But a strong undercurrent of imperturbable optimism and stubborn activity still prevails in Free China. It is seen especially in Chiang Kai-shek, whose personal influence on the general morale is very great. There is no question about the increasing authority which the Generalissimo enjoys: He is the undisputed leader of China and assumes ever greater responsibilities for important decisions of policy. The fate of China depends to a large extent upon the insight of this one man and his determination to intensify the national effort -- if necessary through far-reaching reforms.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

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ENCLOSURE - China's Industrial Wall, by Ida Pruitt, reprinted from Survey Graphic, March, 1940.

ACT NOW

PLEASE ASK SEVERAL OF YOUR FRIENDS TO JOIN YOU IN WRITING AT ONCE TO THE PRESIDENT AND THE SECRETARY OF STATE.

Now that the debate on the Trade Agreement program is practically finished is the time to urge the President and the Secretary of State to recommend an embargo on the export of war materials to Japan. Action would be especially appropriate now in view of the inauguration of the new puppet regime in Nanking.

Letters to Washington have set a high standard in realism, thoughtfulness, and genuineness. For this reason they have been the more respected. Please write your own letter today and then ask several of your friends to do the same. Short messages will be adequate.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING, SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

SUMMARY OF CHINA NEWS

STUFFED SHIRTS IN NANKING. Japanese relations with foreign powers have remained admittedly at a standstill during the last couple of weeks while Japan watches reactions to the incongruous play being enacted in Nanking.

It is incongruous, because under slogans set up by the Chinese National Government, under committee names aping those of the Chinese Government, and under the flags of the Kuomintang party, and the National Government, Wang Ching-wei is attempting to form a Japanese-controlled regime.

Puppet Wang at one point assailed the United States and its press for its conspiracy against him. To that, on March 20, the New York Times made answer, under the title "Memo for Mr. Wang," as follows: "A spokesman for Wang Ching-wei, the renegade Chinese Nationalist who is, so to speak, running for the Presidency of China on the Japanese ticket, complains that American newspapers here and in China have been publishing 'inspired editorials' tending to discredit him. Perhaps he thinks Secretary Hull ordered those editorials. He is mistaken. The comments in question were indeed inspired, but not by Secretary Hull or President Roosevelt. They were inspired by Mr. Wang himself.

His inauguration is now scheduled for March 30. Japan has already announced that it would recognize his regime, has planned to send General Abe to the inauguration. A "Central Political Conference" has been meeting to set up the central puppet government under Wang is pleased to call the "orthodox Kuomintang." Its delegates have been made up of renegades and other puppets, who have withdrawn in his favor.

It is obviously a papier mache set-up, widely ridiculed throughout this country, bitterly assailed in China.

CHINA'S FIGHTING STRENGTH. China, though pushing no large military ventures at the moment, continues her harrassing of the Japanese army in Kwangsi, and reported on March 26 successful fighting in Suiyuan on the north and the recapture of Wuyuan, a strategic gain. Even a Japanese army survey admitted last week that the Chinese were strong in the North, having more than 1,000,000 regular troops left, besides uncounted numbers of guerrillas. The announcement of this Chinese strength by Japanese Army headquarters must have been made for a purpose -- very possibly to prepare the Japanese people for the fact that the war would not be over when the puppet regime is established in Nanking -- but it is nevertheless significant. In the face of previous Japanese press reports in which the northern Chinese troops were said to have been "routed," "wiped out," or "annihilated," the admission that they are still strong is an amazing right about face. The survey even admitted that the troops are still commanded by General Cheng Chien, who was reported by Japanese to have been killed in 1938.

AMERICAN CORRESPONDENT. (See other articles in this issue) (The trial of James R. Young, of the International News Service, together with a statement made on March 21 by Major General Akira Muto, director of the Japanese Army's military Affairs Bureau, make clear the position of democratic freedoms in Japan. Said Muto: "...liberalism based on individuality must be eliminated.....We are convinced that even in peacetime the people should aid in promotion of the State rather than their own welfare." Instead of calling it totalitarianism, he said according to an Associated Press report, as other nations have done "we consider the national policy principle a more fitting expression."

ARGENTINE PACT. The signing of a Japanese-Argentine trade pact on March 16, sounded ominous to many in this country. It was considered a definite blow to U. S. trade with Argentina, and a definite aid to Japan. Japan will take from the Argentine more wool, frozen and canned meats, and casein. The Argentine will buy from Japan more textiles, chemicals, iron and steel products and other manufactures. Amounts involved are, however, not great. Some sources considered the news disturbing in its possible reflection of British policy, since Britain and the Argentine have worked closely together. In Britain, however, Richard Austen Butler, Under Secretary of Foreign Affairs, stated on March 12, to the House of Commons, according to an Associated Press dispatch, that British policy in the Far East still was "that the independence of China should be preserved."

WEAKNESS IN JAPAN. Japanese international weakness and disorders were underscored in an article in the New York Times on March 24, by Hugh Byas. Byas, writing from Tokyo, said, "The test question for Japan in 1940 is not whether she can pull her belt still tighter without collapsing, but whether she can make peace -- a real peace, not terms of surrender dictated to a puppet government." He emphasized the lack of consumer goods within Japan, the deep morass of national debt into which she has sunk. Japan is spending more on the war in China than the United States, a far richer country, spent at the height of the World War," he said.

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JAPAN'S LITTLE JOKE

(Washington Star, March 26, 1940.)

Japan's belated report on her administration of the mandate islands in the Pacific should prove enlightening--and altogether embarrassing--for those in Congress who were responsible for disapproving the Navy's plans for improvement of the harbor at Guam, our small but strategically important insular possession near the mandate groups. It now appears that while the critics of the Guam project have been expressing fears that harbor improvements at the island might offend Japan, the Japanese have been having a secret little joke at our expense. They have been very busy with some extensive harbor improvements of their own right in the vicinity of our island outpost--with utter unconcern as to whether Uncle Sam would like it or not. While anti-American elements in Japan were viewing with what must have been mock alarm our Navy's plans for dredging coral reefs from Guam's waters, "because Guam is less than fifteen hundred miles from Japan," Japanese engineers, under cover of strictest secrecy, were dredging a harbor and building a pier at Saipan, about 150 miles north of Guam. Other "harbor improvements" are under way or planned, according to Japan's report for 1938 to the League of Nations, a copy of which has just reached the State Department here.

We will have to take Japan's word for it that the improvements are for commercial purposes. No American is permitted to visit any of the more than six hundred islands in the mandate groups. Strangers are not wanted there. The report showed that only twelve foreigners visited the islands in 1938 and none was an American. It will be recalled that only last year, when a fishing boat from Saipan was wrecked at Guam, the Japanese refused to permit an American vessel to return the survivors to Saipan. Instead, the American ship was met at sea by a boat from Saipan.

The report was especially significant by reason of an omission. Although the 1937 report stated specifically that no fortifications were being constructed on the islands, there was no such assurance in the present statement, although it is contended here that Japan is obliged to refrain from fortifying them. Whether Japan might feel offended or not, she should be required to give this assurance without further delay. Her report is incomplete without it. And until a complete report is filed, Japan is in no position to protest about any open-and-above-board harbor improvements or even fortifications that we should wish to undertake at Guam.

(The following article is pertinent in its Wang Ching-wei's central regime, as seen from North China. The reported terms of the Tsingtao conference are also noteworthy.)

CHINA'S NEW "GOVERNMENT"

By W. Lewison

(Abridged from the North China Daily News)
February 9, 1940.

PEIPING, Feb. 2. - "The Tsingtao Conference has been a complete success. There has been complete agreement on every single point." Thus, the Japanese spokesmen said here in varying strains of enthusiasm. But, as the terms, under which Mr. Wang Ching-wei was to assume office as head of the new government, had been laid down by the Japanese and accepted by him, before the conference had opened, the "success" is not so very astonishing.

There have been so many conflicting stories as to what has been actually agreed on: vague official statements for public consumption, rumors of all kinds as to further secret clauses, and last but not least, the document that was made public by the two followers of Wang Chingwei who escaped from Shanghai. It is not at all clear, however, exactly what form the new government is to take.

The following, reported by a usually reliable source, are some of the salient points, and are probably not far from the truth:--

The new government to be called the National Government of China.

Its capital to be at Nanking.

The flag is to be the present Ching Tien Pai Jih (Clear Sky White Sun), ensign of the Kuomintang, and is to float over the whole of China (as before).

North China and Inner Mongolia are to be "special areas," with the special titles of Political Council, under the nominal control of the central government.

The present "provisional" government at Nanking is to be abolished.

The railways of north China--roughly north of the Yellow River--are to remain under control of the "North China Railways," as at present. All other railways to come under the Ministry of Communications of the new government.

The Japanese army of occupation is to be reduced to four divisions, as soon as military exigencies permit, and the costs of its maintenance is to be paid by the Chinese government. But this will not include the Japanese garrisons in north China or Inner Mongolia.

The new Chinese army that is now being raised will be used for pacification work, and will not be called on to fight the Chungking Government.

Japanese advisers--as many as may be considered necessary--are to be attached to all ministries and other government offices; but no advisers of any other nationality are to be employed.

Most of this is much as one had been led to expect. As far as north China is concerned, the only new point is that of the flag. There is said to have been a great struggle at Tsingtao over this flag question, on which Mr. Wang Keh-min only gave way in the end with the greatest reluctance.

One General Flag

That it has finally been decided to adopt one general flag, and is surely pretty clear evidence that Japanese policy in China is not quite so "immutable," as people have always been led to believe.

The Japanese themselves realize that this decision puts them in a rather strange light and their spokesmen here have been at considerable pains to try and explain away the anomaly: the establishment of Mr. Wang Ching-wei's government, they say, does not really represent a breach with the past nor does it mean setting up a new form of government in China.

All that is happening is that the present form of government is being continued, but under a new head, who happens to be friendly to Japan and anti-Comintern, instead of being anti-Japanese and pro-Comintern as were the "old gang." As there is no breach in continuity, a change of flag is therefore not necessary.

Some cynical observers, however, go as far as to suggest, that the adoption of the Kuomintang flag, after all the abuse the Japanese have lavished on that party in the past, is at bottom nothing more than a kind of re-insurance, in case the Wang Ching-wei government should prove a failure, and the Japanese were, in the end, forced to open negotiations once more with Gen. Chiang Kai-shek. However that may be, the adoption of the sun flag in the occupied territory is likely to lead to some comic situations in the future, seeing that in guerilla territory or "independent China" that flag still waves supreme. It would not be surprising, if the untutored Chinese peasant were to start wondering to himself, whether, after all, the Japanese had not surrendered to Gen. Chiang Kai-shek.

Japanese optimism regarding the outcome of the Tsingtao conference does not appear to be shared by well-informed Chinese circles here, and least of all by those close to the Provisional government, where, in fact, there appears to exist considerable personal hostility to, and little confidence in, Mr. Wang Ching-wei.

Spirit of Defeatism

As showing the spirit of defeatism, from their point of view now reigning in certain circles here, the following story is not without interest. A certain member of the Provisional government told a foreign friend at a dinner party quite recently, that he had been warning his Japanese friends that the Wang Ching-wei business was all nonsense and, that if they really were out to establish a government for the whole of China, then the only thing for them to do was to come to terms with Gen. Chiang Kai-shek. One may be allowed to doubt, whether the speaker really did use such language to the Japanese, but his statement derives significance from the fact that one year or more ago he was defending to the same foreigner his acceptance of a post in the local government on the plea that Gen. Chiang was finished, and that one must make the best of a bad job.

JAPANESE PUPPET SHOW

(Reprinted with permission from Washington Star, March 23, 1940.)

Japanese army-ridden government has decided that its puppet government of "Central China," headed by Wang Ching-wei, is to be inaugurated at Nanking on March 30. A so-called and Japanese-sponsored "central political conference" this week abolished the names of the "North China provisional government" and the "Central China reformed government." Both of those regimes henceforth will be merged into a dominant "central government," with which Tokio and the army will deal in pursuit of the "new order" it is proposed to set up in the occupied country.

Japan's disturbed relations with western powers, notably the United States, are apparently to remain in a state of suspension pending the results of the adventurous experiment Wang Ching-wei is about to launch. The program of complete subjugation of China to Japan, under which the renegade former premier of the old Nationalist government accepts office, holds out little hope that Washington, London or Paris will ever recognize as true representatives of the Chinese nation the marionettes shortly to be installed at Nanking. American relations with China are likely for the indefinite future to be maintained with the Chiang Kai-shek government at Chungking.

Tokio's claim that the Wang Ching-wei "central government" means the restoration of China to the Chinese is, of course, the hollowest of mockeries. For months Tokio has sought to create the impression that the "basic terms" drawn up by Wang and the army were "lenient." Emphasis was put upon the claim that Japan sought no territory or indemnities and upon her pledge to respect China's sovereignty. At the end of January there was published what purported to be a photostat of the actual pact signed by Wang and the Japanese. The puppet-premier admitted next day that while some of the terms were subsequently modified the photostat was an accurate version of the conditions upon which the imperial army offered its support to the new regime. The "lenient terms" included the following provisions:

Designation of North China and Mongolia as a special zone for defense and economic development for Japan.

Establishment in North China (consisting of Hopeh, Shansi, Shantung and part of Honan) and in Mongolia of separate local regimes with broad autonomous powers.

Recognition of Japan's economic predominance in the lower Yangtze Valley and of her paramount position in certain islands along the coast.

Indemnification of the Japanese for all losses suffered since the beginning of the war.

The stationing of Japanese troops in various areas for an indefinite period and the reservation to Japan of the right to "claim and supervise" all communication facilities therein.

The Wang regime is to take over both the name and the flag of the present national government of the republic of China, but even this subterfuge will deceive neither the still unconquered sections of China nor the outside world. Generalissimo Chiang still commands formidable forces capable of sustaining guerilla warfare, Japan's internal economic difficulties become increasingly serious, her foreign relations--with Britain, America and Russia--are strained to the breaking point. Among these three factors the possibility persists that before she plunges finally into the abyss of national bankruptcy and utter international discredit, Japan may seek to end her undeclared war on China under conditions more or less tolerable to the nation which has so tenaciously resisted the invaders for nearly three years. The vassalage which the Chinese people would accept under Wang would mean the reduction of their country to the status of a Japanese serf state. Nothing indicates that Chiang's supporters as yet are ready to accept such a fate.

NOTE: On March 22, James R. Young, International News Service correspondent was convicted on a charge of spreading false rumors and given a six-month suspended sentence in Tokio District Court. Mr. Young went back to jail, where he probably will remain until the expiration of the seven-day period allowed both sides for appeal. Mr. Young was arrested on January 21.

MANCHESTER GUARDIAN Feb. 14, 1940

IMPRISONED IN JAPAN

An American Journalist's "Offence"

To the Editor of the Manchester Guardian

Sir,--During the past few days there has been news of the imprisonment in Japan of an American and three Englishmen, who were arrested early in January and held incommunicado for about a fortnight before the fact of their arrest was known. Two of the Englishmen are my personal friends, Mr. H. J. Griffiths, of twenty-seven years standing, and the Rev. F. E. Watts, both of whom are of the highest character. I hope the Foreign Office is looking after their interests and not merely throwing them to the wolves as a "generous gesture."

It is to the case of the American that I would draw attention at present. James R. Young has been many years in Japan, connected with the "Japan Advertiser" (Tokio) and correspondent of the International News Service. As a correspondent James Young was always so cautious and moderate that I am surprised that he kept his job. Lately he went to China, not on a "personally conducted tour" such as the Japanese are continually arranging for journalists, but independently, and he got as far as the war capital, Chungking. From China he sent his agency articles, and after he got back to Japan he was arrested for "slandering the Japanese Army and its conduct of war" and for repeating these slanders in the hearing of foreigners and Japanese in the bar of the Imperial Hotel, Tokio. We are further informed that he is prosecuted under the Japanese military law.

Now, it would be interesting to know how long American citizens have been subject to the civil authorities in Japan for offences against the Japanese military law in China. From a legal point of view it sounds fantastic, but it is not too fantastic for the Japanese, whose sensitiveness must not be offended at any time or in any place. It is another attempt to establish a principle which they failed badly to establish in 1920, when the arrested Mr. G. L. Shaw, a British merchant of Antung, Manchuria, as soon as he set foot on Japanese territory, and kept for a month without anybody knowing what had happened to him.

Mr. Shaw was the agent for two British lines of steamers which called at Antung and his offence was that he would not allow the Japanese police from across the river to search his ship and arrest whomsoever they would. They accused him of aiding and comforting malcontent Koreans. Mr. Shaw's attitude was, "when they cross to your side of the river you can do what you like with them, but while they are on my ships in Chinese waters you cannot touch them." Dr. Thomas Baty, the English adviser to the Japanese Foreign Office, cited in a semi-official paper a number of precedents purporting to show that a foreigner who committed a Japanese political offence on foreign territory was nevertheless subject to pains and penalties in Japan; but the late Dr. J. E. deBecker put up an array of precedents in the opposite sense which effectually demolished these, and it ended in the Japanese Government's offering Shaw \$5,000 damages, but on conditions which he refused to accept.

The leading precedent is known as the Cutting case, in which the Mexican Government attempted to punish an American citizen, Cutting, for a political offence.

committed outside Mexico, but which the Washington Government peremptorily rejected. It is still the leading case, but the Japanese have tried to obscure the issues by dragging in the "Japanese military law" and by citing the verbal repetition of the supposed slanders in the bar of the Imperial Hotel.

If the new attempt is successful, there is a goodly array of journalists and writers who are liable to be consigned to prison as soon as they set foot on Japan, and that for no other offence but that of telling the truth. If every foreigner who has written of the abominations committed by Japan in China is to become a convict as soon as he lands in Japan, we have come to a pretty pass. Hitherto there has been nothing worse than a refusal to allow them to land, though in no other country are the ranks of the "undesirable aliens" so respectable. American diplomacy is always very uncertain in its functioning, but it is to be hoped that it will not be so feeble as to allow Mr. James Young to be victimised, for if it does it will establish a new precedent in international law against which Washington has hitherto fought very effectively, and it will make it difficult for other nationals to maintain well-established rights.-- Yours &c., A. Morgan Young,

Oxford, February 7.

(The following is an exact copy, made from the North China Daily News, February 21, 1940.)

LIFE IN OCCUPIED KIANGSU

People Often Pay Taxes Twice; Tortured To
Force Confessions for Imaginary Crimes
(Contributed)

The condition of the people in Kiangsu and neighboring provinces cannot be adequately described nor can it be imagined by any one who has not actually seen such suffering. Perhaps it is true in all wars, that non-combatants are the chief sufferers; but this is all the more true in the present "incident," in China, because of the indiscriminate use of aeroplane bombs, and the cruelty of the armies on both sides.

When the Japanese armies came and captured any Kiangsu district, of course all Chinese officials were driven out of the cities, and their organization was disarranged, so that they were not able to protect the people, or take effective action against the bandits. The Japanese themselves have not made any serious effort to stop the bandits from robbing and kidnapping the civilians.

In fact, they have not been able to pay much attention to the bandits except when the latter have become sufficiently numerous to constitute an annoyance to the Japanese themselves. Of course it would be impossible for the Japanese to police the rural districts effectively unless their forces were increased to several times the present numbers.

The situation in Kiangsu is similar to that reported from other parts of the occupied areas. The Japanese hold the cities and some of the larger towns, but in the rural parts of nearly every county may be found a more or less complete set of Chinese officials, appointed by the Central Government.

Double Collection of Taxes

Both sets of officials collect taxes wherever possible. In some cases, the

taxes may overlap to some extent. Even where they do not overlap, the rates have been largely increased, because each set of officials must operate within a restricted realm. Of course, it requires more money to feed, clothe and amuse two sets of officials than one. In some counties, it is reported that the Chinese officials in connection with the Central Government are collecting more money than they are using locally. The surplus is to be reported, and eventually remitted to the higher officials.

Needless to say, the relations existing between the two sets of officials are not at all cordial. A favorite diversion, of either party is to capture and kill the petty officials of the other party. If carried to an extreme, such a programme is likely to cause hard feeling among old friends and neighbors.

In some places, however, this danger is avoided by means of a gentleman's agreement between the Chinese soldiers of the two sides, so that each manages to keep out of the other's way.

Faint Demarcation

The demarcation, between guerillas and bandits is very faint, and sometimes invisible. Most of the bandits call themselves guerillas, and claim to be very patriotic. When they capture a victim, they usually accuse him of being a traitor, in league with the Japanese. This accusation is utterly groundless in at least 999 cases out of 1,000.

On the other hand, many men who really are spies, paid by the Japanese, go all over the country with impunity. Only a few of them are caught by guerillas. In some districts, most of the guerillas are former bandits, who say they have reformed. The reformation is largely imaginary, the bandits may have changed their garments, but not their hearts or their habits. They still rob, kidnap, and murder the helpless people.

It is sad to reflect that such a large portion of the distress of the people is inflicted upon them by unworthy members of their own race. The guerillas often say they have not enough ammunition to make an effective attack on the Japanese invaders. If they would not waste so much ammunition on their own fellow countrymen, the supply might be sufficient for military purposes.

In many cases, kidnapped persons are tortured, to make them tell where their alleged money is hidden, or to hasten the payment of ransom. In some districts, it has been customary to roast the victims in big kettles, without water, until the flesh falls from the bones. Chinese inhumanity to Chinese makes countless thousands mourn.

Japanese Maltreatment

Chinese who fall into the hands of Japanese officials are severely maltreated. Thousands of persons have been arrested by Japanese or their agents, merely on suspicion. In most cases, even the victim does not know the charges, if any, laid against him. He is tortured by being beaten, or partly "drowned" and resuscitated, to force him to confess something or other.

Meanwhile, he is held absolutely incommunicado, except for stray bits of news which may leak out through local Chinese coolies employed about the premises. It is only fair to say that most of the torture is inflicted by lower Japanese officers, Koreans or Chinese from Manchoukuo. Some of the higher Japanese officers question

their prisoners without torture, but of course all torture is carried out by order or consent of the higher officers.

On the whole, Japanese have the reputation of being among the world's poorest linguists, and the Japanese officers and soldiers in China uphold this reputation. Practically none of them can successfully converse in Chinese, so they, and the Chinese who come into contact with them, are at the mercy and caprice of interpreters. This system puts great power into the hands of the interpreters, most of whom are Chinese or Koreans. Some of the Koreans having lived many years in Manchoukuo speak Chinese quite fluently. Some of the interpreters seem to do their work well, while others are careless, ill tempered, or vicious.

Anonymous Accusations

A local Chinese may come under suspicion in any one of several ways. His personal enemies may secretly accuse him. In some cities boxes similar to mail boxes are provided, into which anonymous accusations may be dropped. A person may be accused, or threatened with accusation, merely as a means of black-mail and extortion. Chinese may accuse some one, not because there is any ground for suspicion, but in order to improve their own standing with their superior officers, thus paving the way for continued employment, or possibly a raise in salary.

In some places, the Japanese demand certain quantities of wheat, corn, beans and firewood to be supplied by the local people. The officials, divide out the amount of goods wanted, according to the districts and townships which happen to be under their control. Each family is forced to send in a certain quantity of grain, for instance. The grain is measured or weighed and delivered to the Japanese warehouse. The Japanese usually pay for it, at a rate lower than the market price.

Iniquitous Manipulation Agents

They pay the money, however, to the Chinese officials of the county, who take out their portion and distribute the remainder to lower ranks. These likewise take out their portion, and so on down the line. By the time the money is supposed to reach the people who furnished the grain, there is nothing left for them. So far as known, no farmer has ever yet received any money for his grain or fuel, when handled in this way.

Needless to say, most of these officials are men of low character, who are robbing their fellow countrymen to get money to provide themselves with opium, heroin, girls and other forms of amusement wherewith they beguile the days and nights. If the Japanese ever leave this part of the country, their life of luxury will be ended, so they would best enjoy life while they can. On the whole, the picture is a dark one, with no hope of improvement so long as the present regime continues.

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"The basis of further success in prolonged resistance is not to be found in the big cities, but in the villages over China and the fixed determination of her people!"

-- Generalissimo Chiang Kai-shek.

"What China built in generations, Japan destroyed in a day". Anonymous.

A group of "pen guerillas", twelve men and three women, have joined the forces at the front to share the dangers and victories. Playwrights, poets, novelists, essayists and artists exclusively, they plan to visit every important center of Chinese resistance in North China and report to Free China the sweep and extent of Chinese activity and to the world a pulsing historic record.

SCIENCE IN CHINA

By Pei-sung Tang

Reproduced from SCIENCE Vol. 91, No. 2358, March 8, 1940

A letter has recently come from a former student of mine Dr. Pei-sung Tang, now working at Kunming, China, addressed to a number of scientists in this country with whom Dr. Tang worked. It has been suggested that the letter might be of general interest, showing, as it does, the indomitable spirit which animates the scientific workers of China in their present tragic situation. A selection of those portions which seem appropriate is here presented. -- William S. Cooper.

University of Minnesota

Tsing Hua University, Kunming,
Yunnan Prov., China, Aug. 16, '39.

If you will look into the map of China, I am at the present hiding in the farthest corner from the war. I left Wuchang soon after the fall of Nanking, and destroyed the furnace and machine works with which we had been making gas masks there. The masks were only very primitive affairs so that I am glad the Japs did not force us to use them. For a while we were in a loss of what to do, for it looked as though the Japs were at our heels, and everything was in turmoil. At this time there was established in the interior of China, at Kweiyang, a medical school for the training of physicians who were to be sent to the front. I was asked to be on the scientific staff and be responsible for the preclinical courses, and to establish laboratories. This I took up, and went through all kinds of hardships to get there. You may never be able to imagine what we went through: 16 days on the crowded deck of an overloaded steamer on the treacherous Yangtze during the coldest part of the year. Up the rapids the boats had to be pulled by man power or steam capstan, and several times the cable broke, and it was only by the best of good fortune that we escaped death. There was standing room only on deck, and at night we did the best we could to get some sleep, with clothes on. Two days of motoring on staircase highways to Kweiyang with robbery and road accidents to make the trip colorful, and sleeping in vermin-infested beds next to pig pens and cattle.

Six months in Kweiyang to start a medical school from nothing - absolute nothing except a "hospital" of four beds and a group of determined men. But those months were the happiest of my life. The medical school has been in full swing for over a year, with four terms a year (Chicago plan on my suggestion), with a good staff, and now a hospital of over 100 beds. And laboratories which may well compare with any school in China in equipment. And if there is anything more satisfactory to a pioneer, the furniture and the laboratory benches of that school are a source of joy to me, even when I am away from them. I designed everything, from a three-legged stool (after the principle of the tripod, for the floors are uneven) to the actually hand-made pneumothorax machine which was rigged up from parts gotten from junk shops all by myself, in order that a very serious case of tuberculosis might be treated. And since then that machine, crude as it may be, has served over 200 patients.

Went to Hongkong for two months to buy equipment for the college, and in doing so I traveled all over the southwest of China on bus, pushing the bus most of the time; and sometimes in the dark, when no lights were available, I had two hand-torches in my hands and ran before the bus so that we might reach the city for the night.

Now that the medical school was going on prosperously, I decided to do something useful again. At the invitation of the president of Tsing Hua, my alma mater, I

came to Kunming to establish a laboratory of plant physiology in the Institute of Agricultural Research. I hope you will not blame me for being a coward retreating to the rear, but the fight from now on is not in actual warfare, but in economic affairs. Already the Japs are trying to drain us and choke us from a financial standpoint. It is our aim here to prepare for a prolonged blockade. This is perhaps more deadly than the killing of a few thousand men, or the taking of a few cities. We are trying to exploit our native materials for the industries. For instance in the last year we have spent a good deal of our 'physiological time' in investigations on castor oil. We have succeeded in substituting castor oil for imported mineral oil and are now working on the substitution of sumac wax for paraffin. Of course we are not so much concerned with whether our biologists have materials for their slides, but are more concerned about candles and shoe polish and vaseline, for which last we have a substitute. I am known in southwest China as the Castor Oil Man now, whether you believe it or not, and in spite of myself.

We are incidentally doing work on plant hormones and on colchicine. We are synthesizing hormones for the rest of the country, and trying to persuade people the use of colchicine in agriculture. You may not believe that we still have time and money to do such things on such a scale, but we actually are doing them, in spite of occasional bombings.

May be with a year or so more of this war, we shall all turn to be cave-dwelling savages because of the aerial attacks of the Japs. But I really do not believe that they can do anything more. Industrial Cooperatives are springing up like mushrooms, and handicraft industries are being developed in the interior. You should visit the interior of China to see the utmost ingenuity that we have for our industrial development.

You may be interested to know how the whole population feels towards the war. Well, there is only one answer: the more we fight, the more confident we become, and the more we suffer, and heaven knows we are suffering enough (no milk, not even a decent bath), the more determined we are. We play bridge every Saturday night and have fun looking into the old copies of LIFE and wonder if LIFE is real. Incidentally, any old magazines such as LIFE, LOOK, CLICK, are welcome, just as a contrast between our actual life here and abroad. Of course we are missing a great deal - the fine things that science and industry can give us, the music, the arts and the theater, but I can sincerely say that we are having an experience that you all may envy, for as in a foot ball game, we are the players, and you are the spectators. We are the ones that get the real fun. On the other hand, as long as you (in abstract form) give us a hand once in a while and will not let us down, we shall play the game much better. (I am not pleading for help.) -- PEI-SUNG TANG.

NOTE. This letter was read by the Chinese Ambassador, Dr. Hu Shih, at the home of Governor and Mrs. Gifford Pinchot at a tea given by them in the interest of the Committee for the Sale of Tea for Chinese War Orphans. Miss Ida Pruitt of the Chinese Industrial Cooperatives was present and heard with interest the references to that movement. The tea was given the day after the showing of Roy Scott's color film "China's Comeback". The film was shown at a party given by Mrs. Frederic Ernest Farrington at the Chevy Chase Junior College. Interest in China and in the Chinese Industrial Cooperatives is more evident than ever before in Washington.

ROGER S. GREENE WRITES MR. KENKICHI YOSHIZAWA

Six important advantages to Japan which could follow peace with the Chiang Kai-shek government and withdrawal of troops from China are listed in an open letter sent March 29th to Mr. Kenkichi Yoshizawa, formerly Japanese Minister of Foreign Affairs, by Roger S. Greene, formerly American Consul-General at Hankow and later representative of the Rockefeller Foundation in China. Mr. Greene, who was for many years intimately associated with commercial interests and political developments in Japan, stated that withdrawal would mean to Japan:

- (1) Stopping the heavy expenditures on unproductive military action;
- (2) Stopping slaughter of tens of thousands of the best young men in Japan;
- (3) Resumption of normal Japanese industry and the development of trade possibilities due to the European war;
- (4) The development of profitable trade with China;
- (5) Eventual political cooperation with China which would act as a safeguard against Russia.
- (6) Restoration of world respect.

The disadvantages of continuing the war as an alternative to an immediate peace were also listed by Mr. Greene:

- (1) The present ruinous military expenditures would continue for a long time;
- (2) The slaughter of young Japanese would continue, leaving many homes desolate and causing serious economic loss;
- (3) Japan would have no reliable friend if war should break out between Japan and Russia;
- (4) Important trade relations between the United States and Japan will continue, at best, on a very precarious basis.

Mr. Greene, in addressing Mr. Yoshizawa as an old friend and a true liberal, pointed out that a nation's "true prestige is enhanced by frank recognition of a mistake and honor is promoted by a return to observance of treaty obligations rather than by continued disregard of pledges." There can be no progress toward a mutually satisfactory solution of the defects in the American policy toward Japan, he wrote, so long as Japan continues her attack upon China.

A copy of Mr. Greene's letter follows. Mr. Greene is Chairman of the American Committee for Non-Participation in Japanese Aggression.

Washington, D. C.

March 28, 1940.

Dear Mr. Yoshizawa:

You and many other Japanese who have American friends must have been perplexed and perhaps distressed by the fact that large numbers of Americans who have lived in Japan and have always been friendly to the Japanese people, have lately been critical of Japanese policy in China and have sympathized with the Chinese government and people in their struggle to defend their independence.

As one of those who have taken this position, I should like to offer an explanation in the hope that it may be recognized that such old friends of Japan have not by any means lost their affectionate regard for the Japanese people, but believe that it will be for the benefit of Japan as well as China, if China succeeds in maintaining her independence and territorial integrity.

As you may remember, my own childhood was spent in Japan and I returned there as a junior member of the American Consular Service in 1904, a few months after the beginning of the Russo-Japanese war. It is well known that American sympathy was almost entirely on the side of Japan at that time, mainly because it seemed that Japan was defending the territory of her neighbor China against Russian encroachment while at the same time safeguarding Japanese interests. Later, my duties took me to the mainland where I acted for a time at Vladivostok as representative of Japanese interests during the period when the new commercial treaty was being negotiated between Japan and Russia. Afterwards at Dairen I had very intimate relations with Japanese officials of the Kwantung Government and the South Manchuria Railway, and watched with keen interest the development of Japanese commerce and industry in that region. There also I had my first important contact, a rather disturbing one, with representatives of the Japanese army. In 1909 circumstances brought me into intimate relations with leaders of the Japanese business world, with whom I travelled extensively in the United States.

During my later years in the Far East, I saw more of Japanese scientists, particularly those interested in medical education. In all these varied relationships I had many friends among the Japanese and some of those friendships have continued to the present day.

Most Japanese know fairly well the reasons which have led American friends of Japan to sympathize with China in the present unhappy conflict, so it is unnecessary to repeat that now familiar argument.

It may be worth while, however, to set forth the considerations which lead some of us to believe that the interests of Japan would be more effectively served if the Japanese government would make peace with the Chinese government now headed by Generalissimo Chiang Kai-shek, and withdraw all its troops from China south of the Great Wall. Perhaps such a course will not seem feasible to you but you may agree that this proposal is not wholly inconsistent with friendship for the Japanese people.

Japan needs more than anything else to better her economic position and to gain military and political security. There may be grounds for the opinion that withdrawal from China would be more likely to conduce to those ends than a continuance of the struggle.

Withdrawal from China would accomplish the following purposes:

1. It would stop the present heavy expenditure on unproductive military and naval action.
2. It would stop the slaughter of tens of thousands of the best men in Japan.
3. It would permit the resumption of peaceful industries in Japan now crippled by wartime restrictions, and would enable Japan to profit by the foreign trade caused by the absorption of Europe in the war between France, Britain and Germany.
4. It may be difficult to believe, but it is my firm conviction that as soon as peace is restored with a truly independent China you would see a rapid development of Japanese trade in that country. As you must have observed, international enmities and friendships quickly disappear once the circumstances have changed. The Chinese are a matter-of-fact people, and once Japan began to act in a friendly manner, such hostility as must inevitably remain for a time would soon cease to prevent their purchase of Japanese goods, many of which are well suited to the Chinese market. It would undoubtedly be possible also to bring about a great improvement in Japanese trade with the United States and other countries, once the friction in China was removed. You must know that even the German businessmen resent recent Japanese policy in China which has caused them immense losses.

5. I believe, though this is also a matter of opinion, that if peace could be made soon, you would find China gravitating towards intimate political relations with Japan, and that there would develop a strong official friendship between the two governments even before the private feelings of the Chinese were entirely reconciled. You can undoubtedly understand this argument, though you may not share my belief. The Chinese Government, in spite of the substantial assistance which it has received from Russia, is not without anxiety as to the real intentions of the Soviet government and the Chinese communist party. So long as the war continues, China is bound to maintain as friendly relations with the Soviet government as possible, and if the struggle becomes even more desperate, as it well may, it is not impossible that the Chinese government may be forced into a even closer relationship with Russia. I do not believe that such a development would be welcome to your government, and it would be distasteful even to those Chinese statesmen who would feel obliged in their extremity to make the best terms that they could with Russia. On the other hand, a peaceful, strong China, friendly to Japan, as the Chinese government would be if the Japanese government should go so far as to abandon its invasion of China, would be a far better safeguard against Russia than a puppet Chinese state that has no strength of its own and can continue in power only so long as it is supported by a Japanese army of occupation. A conquered China would be a grave liability rather than an asset if Japan should ever be involved in war with Russia, for undoubtedly Chinese patriotic volunteers would then be supplied with Russian technical assistance and equipment on a much larger scale than hitherto, and would be a constant threat to the flank or rear of the Japanese forces.

6. Respect for Japan would be restored in a world which has lately become unable to understand the true meaning of any official Japanese statement. The Japanese army, which in 1900, 1904 and 1905 won the admiration of the world for its good discipline, could begin to reestablish itself in the esteem of other nations. It cannot be to the advantage of any nation to be as friendless or as little respected as Japan is now.

Consider now the consequences of adhering to the opposite policy.

1. The present ruinous expenditure must continue for a long time. Even if the government of General Chiang Kai-shek should be destroyed, it is probable that it would be succeeded by a more violently hostile government than his, such as would be created by the Kwangsi group or the Communists. Guerrilla fighting would in any case long continue and until it was ended peaceful trade and industry would be crippled, so that Japan's financial burden would not be much lighter for a long time.

2. The slaughter of your young men would continue, leaving many homes desolate and causing serious economic loss.

3. Japan would have no reliable friends if war should break out between Japan and Russia.

4. No one can foretell what the American people and their government will do if military operations in China continue much longer, but until a just peace is established, it is hardly rash to assume that the important trade relations between the two countries will be on a very precarious basis.

To me it seems clear that those who urge a withdrawal from China, are the true friends of the Japanese people, rather than your military leaders who counsel a war to the bitter end. Those leaders are too much concerned with the immediate prestige of themselves and of their country, forgetting that true prestige is enhanced by

frank recognition of a mistake, and that honor is promoted by a return to observance of treaty obligations, rather than by continued disregard of pledges. I believe that there is no part of the world where the position of Japan would not be infinitely improved by the abandonment of the adventure in China. It is not impossible that your general staff would consider Japan's military position vis-a-vis Soviet Russia much strengthened if the Japanese armies could be withdrawn from China.

Are Americans to be friends both of murdered patriots like Takahashi, Inouye and Saito, and of those whose supporters are responsible for depriving Japan of the services of such wise statesmen, not to mention others who are compelled to live in hiding for fear of similar treatment? That is obviously impossible. A policy which has involved the loss of such valuable lives cannot commend itself to sincere friends of the Japanese people.

There have been serious defects in the American policy towards Japan. There needs to be a just settlement of the immigration question, and other matters require adjustment. Friends of Japan were hoping, prior to the invasion of China, that a beginning might be made at remedying some of these conditions. While those questions may not seem to you very significant at a time like this, the principles involved are of great importance. But we can make no progress towards a mutually satisfactory solution of these problems so long as Japan continues her attack upon China.

Hoping that all is well with you and your family, and with kindest regards,
I am

Yours sincerely,

Kenkichi Yoshizawa, Esq.
22 Kasumi Cho
Azabu Ku
Tokyo, Japan.

(Signed) Roger S. Greene.

Japan's Acute Labor Problem

The Japanese Army, according to a statement by the Minister of War, is considering the employment of Chinese prisoners of war in Japan, to overcome the acute shortage of labor. Meanwhile, the number of Korean laborers working in Japan (which is large even in peace time) is steadily increasing.

Japanese "peace time industries" are now required to effect a 30% reduction in the number of workers between 12 and 30 years of age employed at the end of last year, in order to increase the supply of young laborers for war industries.

Since the beginning of the Sino-Japanese war, over 5,000 primary and middle school teachers in Japan have resigned their badly-paid positions to take more remunerative work in the munition industries. This means that, in addition to the heavy reduction of the teaching staff due to mobilization, each Japanese school has lost on an average a future member of its staff.

Although "overpopulation" is still the official justification for Japan's expansionist policy, there is increasing agitation on the part of military and other circles for government measures against the recent decrease in the Japanese birth rate. An official inquiry into this "disturbing development" is now under way. --

(Extract from CHINA AIR MAIL)

CHINA INFORMATION SERVICE

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ENCLOSURE:

"I'd Rather be Right", by Samuel Grafton, from New York Post, April 17.
Yang Regime Plans Passport Control, from New York Times, April 22.
Broadcast from Chungking, from Washington Times-Herald, April 22.

WHAT YOU CAN DO.

1. Read the new booklet "Shall America Stop Arming Japan?" just issued by the American Committee for Non-Participation in Japanese Aggression, 8 West 40th Street, New York City.

The following topics are briefly but ably covered: The Story of Japanese Expansion; The Invasion of China; Japan's Objective: A Vast Military Empire; A Century of American Policy: The Nine Power Treaty; Japan Seeks a "New Order" by Violence; Japan's Army in China's Morass; America Holds the Key; America's Moral Responsibility; America's Stake: Political; America's Stake: Economic; Some Questions; An Affirmative Policy; For Enduring Peace.

2. Write your own views frankly and clearly to the President, Secretary of State, your two Senator and your Congressman.

ARTICLES FOR YOUR ATTENTION.

"The Dragon Licks His Wounds" by Edgar Snow, Saturday Evening Post, April 13.

"China: New Industries", Time, April 22.

"Chinese Industrial Cooperatives in the Far Southwest," by John B. Foster, Amerasia, April.

"If Russia Turns on China", by Frieda Utley, The American Mercury, May.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY
COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING.
SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, SZECHUAN

PUBLIC AFFAIRS

A Report From Nanking

These lines are completed March 26th, just after the formal dissolution of the Provisional and the Reformed Governments, and just before the inauguration of the new "Central Government". Decisions of recent conferences held in Nanking under Japanese military auspices are now known, and something of their spirit and setting is seeping through the gates of armed but uncourageous secrecy. It is plain that the Provisional Government in Peiping will continue under the new title of the North China Government, nominally supervised from Nanking. In Central China Mr. Wang Ching-wei has succeeded at last in covering the skeleton of the Reformed Government by fleshing it with some of his own office-seekers plus slight representation from the North.

So now we have a better-dressed and better-pressed Charlie McCarthy. He does not possess the essential powers of government, such as the determination of policy or the control of police, army, communications, and finance. But he is a convenient yes-man for loud-spoken dialogue with Japanese generals, and possibly a useful straw-boss for subordinate administration. Mr. Wang's record is neither that of a devoted and determined national leader, nor that of an effective organizer and administrator. His present political life may be considered his eighth, and it may be short. He will be able, however, to confuse the morale of slightly educated people by his program of using the familiar titles and forms of the National Government of China and the Kuomintang, even to their flags.

Frequent speeches on behalf of the new regime, backed up in Tokyo by General Edgar Bergen, are definitely anti-foreign. Many of Wang's men have experienced no mental development since the cruder period of Chinese nationalism, when all worries were blamed upon foreign imperialism. Now they cannot oppose Japanese imperialism, and have no direct outlet for their accumulating resentment at the bruising they receive from their masters' hands. Against "Free China" their imprecations are futile. An attack on foreign interests is the ideal projection of their emotions, a projection fore-desired and even fore-ordained from Tokyo, which also needs a scapegoat for the totalitarian difficulty of The Interminable Incident. Are not the American and other western governments maliciously refusing to recognize the sovereign authority of Charlie in his part of the New Order in East Asia, where he will cooperate forever with his gentle pal Edgar? Are they not perversely aiding Chiang Kai-shek for the sole purpose of blocking General Edgar's benevolent provision for his respected equal, Mr. Charlie? Bring the white interlopers to heel and all will be well, as in Japan and Manchoukuo.

Yet the colossal unreality of current proceedings must soften foreboding. Wang's Central Political Conference, which met on the 20th to appoint its members to the new office, announced two interesting "actions". One was that "the liquidation of the Chungking regime is unanimously accepted." Another ordered all the armies in the field to cease fighting. Wang Ching-wei is not merely Chairman of the Executive Yuan (Premier); he is acting as President of the National Government of China "during the temporary absence of President Lin Sen" (the latter in sad ignorance remains at Chungking); and he is also Minister of the Navy over two "Admirals" recently disinterred from unmarked graves. Boy, page Gilbert and Sullivan! But remind them that millions of lives are immediately at stake, and the opportunity of free development for the most numerous family among all God's children.

Nanking, March 26.

HULLABALLOO AND HUNGER, TOO

By Shanghai Correspondent

Wang Ching-wei's government was inaugurated on March 30 as scheduled, the ceremony significantly taking place in a building from which the public was rigidly excluded. All approaches were guarded by Chinese gendarmes and within the grounds and building Chinese sentries stood guard with cocked Mauser pistols. Possibly the century has provided no more ludicrous picture than that of "Acting Chairman" Wang reading to the assembled officials, army officers, cameramen and pressmen the following proclamation:

"China and Japan, like two brothers reconciled after unfortunate resort to arms, will be in everlasting peace and will jointly stabilize East Asia...

"The National Government takes as its duty the rehabilitation of the people's livelihood by legal protection of their lives, properties and liberty. . . .

"The National Government further calls upon the civil servants who still are serving in Chungking and local governments. . . . to report for duty at the capital within the shortest possible period. . . .

"All rank and file must, after this proclamation, universally and immediately cease hostilities and wait for further orders. . . .

"Henceforth the National Government is the only legal government in the country. . . ."

A mass meeting and parade were held in Nanking to celebrate the occasion, and cities throughout the occupied areas were supposed to join in. The old five-bar flag was to be discarded and the "blue-sky, white-sun, red-background" flag of Nationalist China (the battle flag of free China today) was to be reinstated with the addition of a yellow pennant at the top, bearing the inscription, "Peace and Reconstruction." These flags were put up in Nanking, the puppet-controlled areas of Shanghai and other cities in central China, but the response was apathetic. In Soochow fewer flags were up than were normal; many people protesting that previously they had been given flags and now they were being forced to purchase them! In the Japanese controlled-area of Shanghai the writer counted only six of these flags in a stretch of several blocks along North Szechuan Road while the number of Japanese flags in the same distance was 67; along Woosung Road the score was 130 Japanese to three Chinese flags. In Shanghai's western district puppet policemen forced many taxis to paste these flags and pennant stickers on their windshields, took the numbers of the cars, and warned the drivers that they would be inspected later to see that the flags were not removed - a telling comment on their own anticipation of the popular response.

One of the most open admissions of failure, however, is the deliberate attempt to steal the prestige of the Chungking Government. Wang's crowd has elected Lin Sen, President of the Chungking Government, to Presidency of their own. Posters were put up in Shanghai, "Welcome the return of the Government to the Old Capital - Lin Sen, President." A few days later Lin Sen broadcasted from Chungking, denying any relationship to Wang's regime and severely castigating the whole movement. Wang's paper, the Central China Daily News, wouldn't let a little thing like that change their plans, and printed the day after the inauguration of their government a laudatory message "read on behalf of Lin Sen, President." In the same manner they tried to ride on a wave of student indignation in Shanghai. A week before the 30th,

word was quietly passed through student circles, "Stay away from classes on the 30th as a protest against Wang." No one knew the source of the proposal, and the main question in the minds of students was that of its authenticity. A day or so before the date set, Wang's agencies announced that schools should observe a holiday to celebrate the new government. The result was, of course, confused, but it revealed the attempt to tag along behind a genuine patriotic movement. Wang's paper also predicted that the foreign warships in the Whangpoo would fire a salute to the new government. If such a salute was made, (by any warship, even the Japanese) it was too silent to have attracted attention. The only nautical event so far reported was a parade of small launches shooting off firecrackers.

Peiping seemed little concerned with the event. The former Provincial Government was changed in name to the "North China Political Affairs Commission," but it is the opinion of most Chinese and foreigners in Peiping that North China will continue to enjoy the most complete autonomy - from Nanking. There were no public celebrations and no posters. A few buildings flew the yellow-pennanted Nationalist flag, but all public and private Japanese buildings still displayed the old five-bar flag. The populace showed the least popular interest in the event, the majority being apparently unaware that any change in regime was taking place.

And while this noise is being made, over all the people of the occupied areas hangs the dark spectre of hunger. Report after report reaching Shanghai or Peiping reads "Conditions steadily getting worse. . . Prices rising." A recent survey made in Central China revealed that the price of rice is twice what it was a year ago and three times its normal figure. Headlines from Peiping in mid-March read, "Food Shortage Acute in Peiping . . . Starvation Grips North China." A temporary improvement was noted in Peiping towards the end of March by the release of flour stored in Tientsin, but there is no indication of any steady flow, and future prospects are dark.

In Central China there have been no natural calamities or crop blights to produce a scarcity of foodstuffs - what has happened has been the work of man: the forced buying up at Japanese prices and the shipping out, taxation and extortion of farmers by the military and the puppets, disturbances in rural districts due to bandits, guerrilla fighting and Japanese reprisals, hoarding and manipulation of prices by both Chinese and Japanese in the cities, depreciation of Chinese and Japanese-fostered currencies, and the popular resentment of farmers expressed in a slowing down of cultivation.

In North China the flood of 1939 has added to the above factors to produce the worst famine Hopei and Shantung Provinces have known for decades. The Japanese have been more at work in the rural districts with correspondingly disastrous results. In the first place, they wanted cotton, so tried to get farmers to plant cotton rather than grain. The production of cotton fell far below expectations, but enough change was made to result in considerably less grain. In the second place, the peasants were more reluctant to plant and grow when they knew that their produce would have to be sold under the Japanese monopoly purchase system, a plan which in the eyes of many farmers is little short of robbery. Free market conditions are unknown; the farmer delivers his commodities for the price offered in a depreciated currency, backed chiefly by Japanese bayonets. The result has been a form of producers strike in North China, even regions unaffected by the flood reporting smaller crops than normal. The farmer raises enough for his own needs and lets the buyers go hang.

The whole situation in North China is forcefully depicted in these words from an American resident, a man of international reputation:

"There is no doubt about the tragic futility of Japanese occupation in this area. In Southern Hopei and in Shantung there are widespread famine conditions. Either guerilla activity or banditry is rife throughout these northern provinces, and Japanese occupation of any given locality follows irregular ebb and flow. Their burning of villages, savage warnings in the form of killing and burying alive are constant. Food is even mounting in price and difficult to obtain, and the control is chiefly greedy racketeering in which Chinese and Japanese share. The sale of opium and derivatives and the compulsory planting of the poppy are either enforced or protected by the Japanese military. A most striking aspect is the swelling animosity of even the common people so accustomed to submit patiently to any oppression."

Shanghai

April 3, 1940.

COMMUNISTS SCARCE IN CHUNGKING

(Written at Chungking)

On the China Coast there is plenty of talk about China's Reds. One can hear some surprising things about them in Japan. But in Chungking, which the Japanese say is Red-dominated, one is hard put to it to find anything Red, aside from the Communist daily paper--critical of the National Government but not radical by Western standards--and the youthful Soviet Ambassador and staff, along with the Tass news agency correspondents.

On the subject of Communists and Communism, Chungking in general takes the position of the Black Crow of vaudeville fame who just would "rather not hear any more about it." There is no Chinese Communists in the Government. It is possible to find a Communist in town now and then, but mostly not. One can, with patience, find a communist point of view and news of the Communists, but it isn't the sort of thing which drops into one's lap. It takes effort.

Relations more strained

That things are more strained between Communists and Kuo-mintang than they used to be is easy enough to discover. Everyone admits that there has been a good deal of friction, including several armed clashes. It seems to be the pessimistic view of both sides that the trouble is likely to continue for some time, although there are hopes that things will gradually mend. On the other hand, absolutely no one appears to think that there is the slightest chance that the "united front" is going to split as long as the war goes on, and there is a good deal of curiosity and surprise over the rumors visitors bring up from the coast.

Even where the facts of these rumors (mostly about armed clashes) are true, it is felt on both sides that there is a lack of sophistication in the interpretations put on them. Free China is, after all, rather a frontier territory, and a little occasional gun-play among friends is to be expected. Something like that seems to be the idea.

Agreed Facts

The agreed facts might be summed up as follows:

Friction has been undeniably intensified during the last five or six months. Actual fighting developed on several occasions, the first and most spectacular instance being against some of General Yen Hsi-shan's forces in Shensi. There have been major disputes over the issues of maintenance of the Communist forces (nominally part of the National Government Army) and of administration of the "Border Area" in which the Reds hold sway, with minor disputes constantly springing up locally between Kuomintang and Communist representatives. But conferences are bringing settlements of the major issues.

On the other hand, mutual distrust is deep-seated and it seems likely that there will be continued wrangling over such points as whether the Communists obey military orders, and whether they indulge in radical propaganda and whether the Government is fulfilling its various obligations properly, including the obligation to legalize the Communist Party.

Troubles of petty origin

One high Government official, expressing the view that much of the trouble has been of petty and local origin, said the Kuomintang has sent out instructions to its representatives in the affected areas to attend more strictly to their own business and not to worry so much as to how Communists were attending to theirs.

"Neither the Communists nor the Kuomintang desire any break in the united front," said Dr. Wang Shin-chih, Minister of Publicity. "We do not feel that the Communists represent any actual menace to us, as a matter of fact. Their military strength is really poor. At the beginning of the war the Communists had three divisions of something over 10,000 each, say 40,000 altogether. They were badly equipped. During the last 30 months the Communists army has sought to increase its numerical strength by new recruits or by absorbing units formerly militia or under other commands. Now it is claimed that they represent nearly 200,000 men. If all with any army connection are included, this figure may not be far wrong, but the equipment has been only slightly increased and the fighting strength is really poor."

Government troops in reserve

"Troops of the Central Government in Shansi, Shensi, and Kansu are not only superior in strength but unassigned and are kept as reserves, so they could if necessary be ordered to keep the Communists under control; therefore, the Communists do not desire to make a break. Nor does the Government wish to show disunity. But it insists the Communists must obey orders and not have free action as they have shown during recent months when they moved without orders from the supreme military authorities."

"The Communists want pay on a basis of 200,000 men. The Government insists that no money paid over for troop maintenance is to go for political use. In the past, it has been alleged that some Government money has been used for propaganda work. The Reds want more than the proposed six divisions and they also want to see their administrative area in North Shansi given legal recognition and a few districts added. The Government will not consider the second point. Rumors of Soviet Russian mediation are without foundation."

The Border Region

In a telegram sent to General Chiang Kai-shék December 22, 1939, by Chu Teh and all seven other commanders of the Red forces, it was stated that about three years ago 23 hsien (counties) were assigned as Border Region to be garrisoned by the 8th Route (Communist) army, but in the summer of 1939 sections of both Shensi and East Kansu were invaded by Central Government troops. While the same thing happened again in December. Surprise attacks on the Reds by Government forces were described.

Use Japanese Ammunition

A source close to the Reds told the writer that they have had to get 90 percent of their ammunition from the Japanese. They have been given no heavy artillery and have only light and mountain artillery. A quantity of artillery was picked up, they said, when Yen Hsi-shan ran away from the Japanese, and later a 50-50 split between Yen and the Communists was made. The Government has given only rifles and ammunition.

Altogether it was declared, the Reds number a million rifles if all partisans are counted. Not counting partisans and armed peasants, the Communists claim 220,000 in their regular army, making up the six divisions to be fully maintained, plus three to receive pay only, which, it is now virtually agreed will furnish the backbone of a settlement with the Government.

Peasants Strengthened

The Communists also are asking permission to send organizers into Shangtung (theoretically Japanese-occupied), Chahar, and other North China sections where they think the peasants can be strengthened in resistance.

"Petty but consistent persecution" is alleged by the Reds, and it must be said that most impartial observers seem to have a feeling that there is something to the charge. On the other hand, the Kuomintang has some reason to feel a little sore. For one thing, there has been quite a consistent publicity ballyhoo on behalf of the Communists who have been written up and lectured about by some extremely competent sympathizers. The Kuomintang feels perhaps obscurely jealous that therefore much of the outside world must visualize the Communists as sole proprietors of China's reservoir of patriotism, altruism, and idealism. Even where the higher Government officials give orders against discrimination, there are bound to be generals and subordinates in the field who disobey.

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CHINA'S INDUSTRIAL CO-OPERATIVES

China's wartime needs and stresses have produced a number of surprisingly beneficial results but none, perhaps, more directly stemming from adversity than the industrial co-operative movement.

There had been various forms of agricultural and other co-ops in North China, Kiangse and elsewhere for years but the industrial cooperatives actually started at Hankow in August of 1938, with only five members in the office (including the office boy). Ironically, the headquarters was in the Yokohama Specie Bank building. Dr. H. H. Kung was chairman.

The Lay-out

The whole country was divided into a few general regions for purposes of expanding the work. First came the Northwest with headquarters at Paoki, Shensi. Next was the Southwest centering in Hunan. The third was in the Southeast with headquarters in Kunhsien, Kiangse. Fourth came Szechuen and Sikong, the new province near Tibet. Finally came Yunnan.

Now the Chungking headquarters has a staff of more than 50. The organization covers 16 provinces, some of them guerilla areas. There are 600 workers in the field. Rewi Alley, the Shanghai New Zealander who became technical expert and adviser, constantly roves over the country seeking ways to improve what is being done.

All those in charge are interesting and energetic people, ranging through K.P. Liu, Secretary-general, Frank Lem, chief of the technical section (both these men worked with Joseph Bailie in finding Chinese recruits for Ford technical training), C. F. Wu, vice-chief, Hubert Liang, associate secretary-general, and several foreign journalists--Edgar Snow and his wife Nym Wales, who have been of late enlisting strong support in the Philippines, Miss Ida Pruitt, formerly of Peiping and now with a New York publicity committee, and Miss Corin Bernfeld, formerly United Press correspondent in Peiping and now with the Chungking head office for the co-ops.

Output

At the end of 1939 there were 1297 industrial co-op units in China and it was estimated that by the beginning of March this number had increased to 1350. The membership at the end of the year was 15,910 but including the paid workers, members and workers together totalled about 50,000.

Most of the co-ops at present have had to do with cotton but recently the need for wool blankets has turned attention in that direction. For the army, 400,000 were made. Total blanket production for the year will be around 1,500,000. The co-ops can produce 120,000 blankets a month.

More than 100 engineers are seeking to develop new processes and to improve on old ones. For example, in a certain town there is a mill turning out 80 blankets a day by old methods, but the city's total production is 2,000 now while an individual worker can make up to 20-30 if he has been specially trained. An advantage of the cooperative organization is that any new idea or method can be multiplied and duplicated indefinitely.

Finances

The National Government has given five million Chinese dollars plus running expenses, now \$100,000 a month. The banks have available for loan \$5,000,000. Friends abroad have sent \$600,000 so far. One American woman gave a thousand U. S. dollars; a Briton gave \$2,000. The Snows have been successful in enlisting aid and interest in the Philippines, and Mrs. Francis B. Sayre, wife of the American High Commissioner, has spoken over the radio on behalf of China's industrial co-ops. Mrs. Paul V. McNutt, wife of the former High Commissioner, has agreed to be a national sponsor in America. Mrs. Franklin D. Roosevelt is lending her assistance through her daily column.

The Aim

"Our fundamental idea," says Mr. Liu, the secretary general here, "is that we

want to make up for loss of productive activities caused by the war. At the same time the Japanese blockade has imposed a serious problem of imports. There is an urgent need for goods, both for army and civilian use. The first desire is to help win the war, while we also wish to aid refugees and wounded soldiers--many of whom are now making good money through the co-ops.

"We feel that we can serve in many ways. We can give help to the villages, mostly by promoting handicrafts; we can utilize the leisure time of farmers. Our enterprises supplement the heavy industries. While we started with the war, the work need not collapse with the war's end. Swords have been beaten into plowshares before, and so we can do in shifting from wartime to peacetime activities--from the making of bombs to the manufacture of agricultural tools.

"Already the lives of whole communities have been transformed. In the Northwest, at many points there were no previous industries. What is more, we have helped to change the whole attitude of the workers."

Distribution of Profits

All profits, after reserves and capital needs have been serviced, are divided. The rule is that every member of the cooperative organization must work. In general, 30 percent of income goes back into reserve, 10 to 20 percent goes for social welfare enterprises necessary under the primitive conditions of life in most parts of China today, part goes to shareholders on a flat distribution basis, and part is given out as bonus for good work. Some extra workers are hired but care is taken to see that a proportion is maintained between members and workers so that a few members will not become, in effect, capitalistic plant-owners.

About 90 percent of the Chinese co-ops are making money already, according to Mr. Liu. Some make as much as 20 to 30 percent of their capital annually.

Activities

A federation of groups for purchase and marketing is being arranged. They will buy raw materials together and sell together. The great present need is for technicians and also organizers and cost accountants. A school for training has been started in Chengtu.

Distribution of co-op activity thus far is stated to be about as follows: Textile and allied trades, 41 percent; tailoring, 13 percent, chemicals 13 percent, metallurgy and allied activities, $8\frac{1}{2}$ percent, foodstuffs production 5 percent, paper and printing $2\frac{1}{2}$ percent, miscellaneous 9 percent. New lines are being developed constantly while progress is being made to improve production in already established enterprises.

THE MILITARY SITUATION

NEITHER SIDE SHOWS SIGNS OF WINNING (Written at Chungking)

Best neutral military information gives the total Japanese forces in China at between 800,000 and 1,000,000 men. Throughout the war the Japanese casualties (impossible to list accurately) are generally believed to have run to not less than

750,000 men and perhaps a million. The Chinese give them as 1,250,000. Certainly, by even the most pro-Japanese calculation we have a tremendous amount of Japanese man-power constantly immobilized from constructive activity.

Chinese effective force

The Chinese effective army is probably in the neighborhood of 1,500,000 men, not counting the poorest troops and leaving out the armed partisans and similar irregular forces which are sometimes but varyingly effective. It is estimated there are around 200 good divisions of 7000-8000 men each. As to casualties, it is almost impossible to get any satisfactory figure, but a reliable neutral military observer guesses at 2,000,000. This excludes the tens of thousands, perhaps hundreds of thousands of civilian men, women and children.

Japanese troops in China

The Japanese forces in China include: $16\frac{1}{2}$ regular and reserve divisions (412,000 men) of a nominal strength of 25,000 each. Nine newly-organized divisions, with three regiments to a division instead of four and a nominal strength of 18,000 men each (162,000 men). Twelve independent brigades, each of about 12,500 men (150,000). Two cavalry brigades (12,500). Communications, medical corps, engineers, about 100,000. Total so far, 836,000. Also five "doubtful" divisions believed to be in China and running to around 100,000. Thus the total runs between 800,000 and 1,000,000.

When it is remembered that Japan must keep up other forces as well, notably 300,000 troops in Manchuria, to say nothing about the Navy, it may be seen why both Japanese productivity and the Japanese birth rate have been alarmingly down of late--and why Japan is increasingly impatient over the failure of successive Cabinets to bring an end to the "Chian affair."

Military deadlock

China has the greater weight in manpower, as she has always had. But the one sure thing, in the opinion of foreign military experts who have had many months to season their judgments are--

(a) the Chinese still have no real general plan except to hope for some sort of Japanese breakdown and then take full advantage of it, and

(b) the Chinese will not risk a general engagement in which the Japanese advantage in aircraft, artillery, and tanks could deliver a final knockout blow of the sort so frequently advertised by the Japanese generals.

China self-sufficient in light arms

China is self-sufficient in many of her military needs, including rifles, ammunition, and some other light requirements, such as hand-grenades of the potato-masher type, light artillery, uniforms, and so on. But China can't make aircraft or heavy artillery. And she feels both a pinch of foreign exchange, and the difficulties of communication with the outside world, when it comes to buying from abroad. She still buys, but relatively sparingly.

Chinese air force small

The Chinese air force continues to receive reinforcements from Russia in the form of bombers and pursuit ships. Planes continue to be purchased from abroad.

"Pawleyville", named after the American Bill Pawley, airplane super-salesman, functions as a factory of sorts and assembly plant at Loiwing, somewhere near the Yunnan-Burma border and is unquestionably a model of the best that can be done under the circumstances. Nevertheless, it seems a fact that the Chinese air force is extremely small--numerous field crashes continue to take too heavy toll, it is said--and it is undeniable that Japan has general control of the air.

Japanese bombings of towns fruitless

On the other hand, the Japanese have learned much less than they should from their many months of experience in China. They still put a great deal of time, trouble and money to the bombing of towns, most of which perhaps have some sort of anti-aircraft defense and may therefore be regarded as military objectives, but none of which are true military objectives in the sense that bombing them is calculated to bring the war nearer to an end.

The very contrary is true. Japan's aerial bombings have done more than any other single factor to make China war-conscious and angrily defiant. To the Chinese mind, these bombings have been intended to accomplish what in fact they have accomplished here in Chungking and elsewhere--the demolition of crowded civilian areas and the loss of civilian lives. Japanese explanations that they were aiming at something else do not reach the Chinese public and it is doubtful whether they would carry any conviction if they did.

No signs of either victory

About 75 miles from Chungking, the writer flew over a small walled town which had no railway or other apparent connection with the outside world. It lay in the midst of high mountains. Probably the "China Incident" went on for months before its few hundred inhabitants ever heard of the Japanese in China. But today it lies shattered, with about a quarter of its buildings utterly demolished because Japanese bombing planes--perhaps looking for Chungking and missing it because of fog conditions--decided to let go their loads there. That sort of thing has been happening everywhere, and wherever it happens the survivors are hot for more and greater resistance against Japan.

So although there is no sign yet of Chinese military victory, the most pertinent fact is that the Japanese haven't won either and in some ways their need to win is greater. They have the bear by the tail and can't let go. The Chinese are feeling cheerful about it all.

(The three foregoing articles, COMMUNISM SCARCE IN CHUNGKING -- CHINA'S)
(INDUSTRIAL CO-OPERATIVES -- THE MILITARY SITUATION -- are by Randall)
(Gould, Special correspondent in China for the Christian Science Monitor).

REPORT FROM CANTON

By A. J. Fisher

A visit to Canton, after an absence of nine months, leads me to put in writing some impressions received.

REFUGEES. When we left Canton last April, there were over ten thousand refugees being sheltered and fed in various camps. Today, they are numbered by hundreds as far as the camps are concerned. The Refugee Areas Committee, formed at the beginning of the invasion, has decided that it is time now to close the camps. However, the economic problems of the refugees have been solved. Some are being rehabilitated with a small loan, others are being given travel money to go to some place where they have friends or relatives. There is still a residue of the absolute destitute. It is heartbreaking to send these out into the world, but it was thought that an end of supporting these people in the camps must be made some time, and it might as well be done now. To some extent, this problem of feeding them is being solved by "soup kitchens" that is, feeding stations where a bowl of gruel (soft boiled rice with a few vegetables thrown in) is given to them once a day. This is being carried on in the churches of the city, and about twenty thousand bowls of gruel are given out in some twenty churches. For many, this is the only food they get. Some may be able to earn a little beside.

WHAT IS THE CITY LIKE? As far as people are concerned, our guess would be that there are probably about five hundred thousand. Some of the streets are crowded. Some of the streets appear to be very much as in former days. The shops are open. A cursory glance indicates a certain degree of prosperity. But take a second glance - one sees under-fed children, people in rags; others with a hungry starving look. Talk to the shopkeepers and ask them how business is. The answer is, "how can business be carried on under this regime!" Rice today is two catties and four ounces for a National dollar. It costs at a minimum - \$12.00 a month to feed a person sufficiently to give him strength to work. This is about all one person can earn. If such a person has anyone dependent on him they are just out of luck.

The other difficulty is that of money. The Japanese have been trying to force the people to use their military notes. These military notes of course, are just paper. Apparently the soldiers are paid with these notes. Their method in forcing the people to use these notes is by monopolizing the staple necessities of life - rice, oil, vegetables - and forcing the people to use military notes to buy these things. Another way they do is to go around to the shops, forcibly open the money tills, and exchange the Chinese money in the tills for military notes at the rate of \$2.00 N.C. to \$1.00 military note. The Chinese money is thus used to buy foreign currency and thus secure foreign exchange for Japan to buy more war supplies abroad. It is easy to see how merchants become discouraged under such a state of affairs.

Another observation is the demoralizing influences that are going on in Canton city, and for that matter, in all parts of Japanese occupied territory. Gambling shops, which are suppressed in China; opium dens, which are being eliminated as fast as possible in China; brothels, which were very much under control in Canton before the Japanese occupation, are all going full blast in Canton, being aided and abetted by the Japanese. In view of this, it seems ludicrous to read a United Press report published in the South China Morning Post as follows:

" Tokyo, Feb. 16: Mr. Hajime Hoshi, interpellating at the budget sub-committee meeting in the Diet to-day, suggested an appropriation of 10,000,000 yen in order that Japan may co-operate with American missionaries in raising the cultural level of the Chinese. He added that it might be advisable for Japan to assist in raising funds in America for missionary work. Mr. Arita promised to study the proposal."

Cultural improvement indeed!

The fancies of the Japanese and the reality of things are far apart. Apropos of this, a little script in "A Bird's Eye View" column, which in a facetious way often says a great deal, had this to say anent the Kwangsi campaign: "The Japanese have attained another objective and are therefore in retreat again. To save trouble in the future, it is planned to arrange with the Chinese to bring the objective with them."

The Japanese have now been in Canton for practically a year and a third. It is true the streets look clean in certain sections of the city. They have cleared up some of the debris which they themselves caused through invasion. In most parts of the city the sewerage system is not working. Water is not being supplied. On the other hand, the traffic police have been very well trained. When all is said and done however, scarcely one good thing can be said for the Japanese occupation of Canton. As far as "saving China" is concerned, they are hurting and wounding China physically, morally, and in every other way. It has been said by the Japanese that they are "saving China from her squeezing officials". A case came to my notice of a "squeeze pidgeon" worst than any ever heard of being perpetrated by the Chinese. A certain firm in Canton had some raw silk which they wanted to ship to America via Hongkong. This shipment was worth about Eighty Thousand Dollars, Mexican. Ordinarily, the freight to Hongkong would have been Fifty Dollars. They had to pay over Five Thousand Dollars in "squeeze" before they could get permission to ship to Hongkong.

A VISIT TO UNION NORMAL AND MIDDLE SCHOOL SITE. Through the courtesy of Dr. Oldt, we were able to visit the site of the Union Normal and Middle School in the Western suburb. In spite of all protests being made, the buildings are being used as barracks for the Japanese military. Our car was allowed to proceed into the campus up to the front door of the main building. We were unable to discourse with anybody in sight. All we could get was gestures indicating - Get out of here! A young Chinese employed by them told us that the buildings were all occupied by the military which was very apparent. Very little repairs apparently had been made, and as for the inside of the buildings of course we do not know what is going on.

NARROW ESCAPE. While Dr. Karcher and I were driving through one of the main thoroughfares of the city, we met some Japanese soldiers in uniform apparently just strolling around. Suddenly, one Japanese soldier who was either demented or drunk, hauled out his saber and hurled it at our car. Fortunately, his aim was too low and it hit the pavement instead of the car. We quickly decided that it was not worthwhile to make an "incident" of it, and ignoring it would be the best part of valor.

It was sad to see the city where one has been working for more than thirty years, in such a condition. Few of our old friends are there now. The cultured people cannot stand living there.

The work of the churches in Canton has been one of great opportunity for

service. Nearly everyone of the churches have organized popular schools. They have gathered in the young children from the street and taught them to read and write, to play and to sing. It seems that those who were Christians have become more active and more attached to the Church. Many have found in religion, in this time of difficulty and stress, their peace. It has given many of our Church workers a new idea of service.

While talking about the Church, we should also mention attempts of the Japanese to have the Church play into their hands. Offers of help have frequently come to the churches, but when investigated, these have always been found to come from the military. One does not like to turn down any sincere offer to help in Christian service, but we have felt at every turn, that to accept such help as was offered would be compromising the Church in military objectives. An offer was made by the Japanese to five leading pastors of Canton and Hongkong - giving them a free trip to Japan with all expenses paid for a period of three to four months - the answer of one of the pastors given to them indicates the attitude taken by the Christians towards this offer, it was: "How can I accept this offer when the blood of my brethren is still wet on your hands!" ***

There are so many things more that I would like to say about conditions here in South China. Canton city is not the worst. The stories that we receive from the occupied areas around the East River where one of the armies passed through in their attempt to get to the capital - Shiukwan - are hard to relate. We read of markets and villages being entirely destroyed; of people being shot at sight; everything living such as, cows, pigs, chickens, carried away; murder, rape, loot, being the order of the day. Not only from one place comes the story, this is a common occurrence. May the day soon come when the forces of righteousness shall reign, and these dark diabolical days be a thing of the past.

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JAPAN'S NAVAL CONSTRUCTION AND AMERICAN MATERIALS

By Harry B. Price - American Committee for Non-Participation in Japanese Aggression

"American materials, especially scrap iron and scrap steel, and American machinery, have made possible Japan's huge secret naval construction program, exceeding in some categories that of the United States itself, according to facts made known in Washington recently.

"During the six years, 1934 to 1939 inclusive, Japan obtained from the United States 8,520,311 tons of scrap iron and scrap steel, or 52% of America's total export to all countries of 16,498,906 tons. Thus American exports to Japan of these materials, fundamental for naval construction, have exceeded those to Great Britain, Germany, France, Russia, Italy, and all other countries combined, according to statistics published by the United States Department of Commerce. In 1939, 57% of all American exports of scrap iron and steel went to Japan.

"In 1938, according to careful studies, Japan obtained approximately 90% of her imports of these metals from the United States. The proportion for 1939 was probably higher, although statistics of Japan's imports from other countries in that year are not yet available; with other sources restricted, due to the European conflict, Japan imported from the United States in 1939 an all-time high of 2,022,958 tons.

"During the previous six-year period, 1928 to 1933 inclusive, Japan's purchases of these metals averaged 216,075 tons per year. In 1934, Japan denounced her naval treaty with the United States and Great Britain and in that year her scrap iron and steel purchases from the United States more than doubled. From that year onward, her purchases of these metals have exceeded a million tons annually, averaging approximately 1,420,000 tons per year, an increase of 527 per cent over the previous six-year period. During the first two months of 1940, exports of scrap iron and steel to Japan totaled 210,337 tons, approximately half of America's exports to all countries of 421,173 tons.

"Only a portion of these extensive exports of iron and steel scrap would be needed for the construction of between 400,000 and 500,000 tons of warships in Japan's battle fleet now reported to be completed or nearing completion. The balance has been available for the development of war industries and for the conduct of Japan's war against China.

"Thus the United States has furnished indispensable help, not only for the invasion of China, but also for the building up of a navy reported to be almost equaling our own in strength. While this export trade continues, further depleting valuable and strategic American resources, it becomes necessary to impose huge additional tax burdens upon the nation for naval construction in order to meet the competition which American exports are making possible.

"Pending legislation, introduced by Senators Pittman and Schwollenbach, would authorize the placing of restrictions upon these strategic exports, on the basis of American rights and obligations under the Nine Power Treaty."

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SUMMARY OF CHINA NEWS

CONCERNING THE DUTCH EAST INDIES. Secretary of State, Cordell Hull, and Japanese Foreign Minister Hachiro Arita sparred recently over the future status of the Dutch East Indies in case the Netherlands should become involved in the European war. Arita, in a statement to the Japanese press on April 16, claimed that because of economic interdependence between these rich islands and Japan his government would be deeply concerned over any development which might affect the status quo of the Dutch East Indies. Hull, replying through the American press on April 18, also stated that any alteration of the status quo of these islands "by other than peaceful processes" would deeply affect the stability, peace and security of the Pacific area.

The Japanese later tried to insist that Japan and the United States saw "eye to eye" on the subject, and both were in favor of keeping the status quo in the Dutch East Indies.

Much discussion on both sides of the Pacific, however, followed the two statements. It seemed obvious to many that Hull was using the opportunity to warn Japan against aggression in the Pacific Islands. His statement was considered here as a significant step in American foreign policy, equal in importance and similar in effect to the abrogation of the Japanese trade treaty last summer.

REPORTED ARMY AND NAVY EXPANSION IN JAPAN. Reports from Japan early in the month of a Japanese army expansion plan, to be completed in 1945, and a report from Washington on April 14th that Japan was building a large secret fleet, caused reper-

cussion in the U. S. Senate hearings on naval affairs. On April 16, Admiral Harold R. Stark, Chief of Naval Operations, outlined the developments in the Japanese fleet which had come to the knowledge of American naval experts, and pointed out that in certain respects Japan was increasing her naval power to equal or excel the United States navy. His testimony was in support of the naval expansion bill here. On April 23, Admiral Taussig, reporting to same committee, insisted that war with Japan was inevitable. Although Secretary Hull and Admiral Stark both disclaimed any responsibility for this statement, and disagreed with it. One statement of Admiral Taussig's is of particular interest to those interested in Far Eastern affairs. He said: "We would be warranted in using economic and financial means and, if necessary force, to preserve the integrity of China."

JAPANESE LOSE OUT IN SHANGHAI MUNICIPAL COUNCIL: For some time a campaign has been carried out by the Japanese in Shanghai to gain control of Shanghai Municipal Council governing body of the International Settlement. The vote went against them, and on April 11 the press announced that the British retained control. The Japanese had used every means available, including the confiscation of a newspaper opposing them, and, according to an American radio station, interference with local broadcasts concerning the election. But their efforts failed. The International Settlement in Shanghai is still not Japanese run.

NON-RECOGNITION FOR PUPPET WANG. Pretending that he actually is in control of a government, Wang Ching-wei, since his installation with Japanese assistance at Nanking on March 30, has issued such amazing decrees as that which ordered the Chinese armies to cease fighting. His acts seem to have aroused nothing but ridicule and scorn abroad and in China.

Secretary Hull announced U. S. non-recognition policy immediately after the establishment of the Wang regime. Great Britain reaffirmed her attitude on April 4 that "there is no question of the Government's changing their view as to what they continue to regard as the legitimate government of China." (Although this statement, made in Parliament also left a loophole for "improved relations" between Great Britain and Japan, it showed that the Chungking government remained the recognized government of China in the eyes of Great Britain.)

Generalissimo Chiang Kai-shek, in his speech on April 1 to the People's Political Council in Chungking, reiterated China's determination to continue her resistance. "Today," he said, "two years and nine months since the war began, we have laid a solid foundation for our final victory."

Even the Japanese, according to some reports, are beginning to recognize that final peace will eventually have to be negotiated with Chiang Kai-shek, and not with Wang Ching-wei. The puppet has made his bow to a booing audience.

BOMBS AND FAMINE: The Japanese bombing season has opened again. The first spring raids on Chungking and towns in Szechuan have been reported with the last week. With the lifting of the winter clouds, the Japanese planes return to do their inhuman work.

Missionaries have reported tremendous famine areas on the North of China as a result of the flood last summer and fall. Some 5,000,000 farmers and their families are reported to be starving in Hopei Province. But the Chinese fighting spirit is as strong as ever. Victories in South China, reopening of the bombed railroad from French Indo-China into Yunnan, and improvement in the increase in the gasoline supply, have been reported within the last few weeks.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

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ANNOUNCEMENTS

THIS IS OUR CHINA, by Madame Chiang Kai-shek, may be ordered from the China Information Service. The price is \$3.00 per copy. The book is published by Harpers. Royalties which Madame Chiang will receive are being sent directly to the War orphans in China. A percentage is given to the China organization selling the book for Harpers. Send in your order now!

DOCUMENTS OF THE NANKING SAFETY ZONE, edited by Shuhsi Hsu, has been sent to each of the subscribers to the China Information Service and to some others. There are a few copies still available.

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YOU CAN CONTRIBUTE

During past weeks and months there have been so many appeals for China that the CHINA INFORMATION SERVICE has not sent out many notices of "contributions due". With this issue an envelope is enclosed for your contribution. Envelopes had been sorted by states and towns before these contribution-envelopes arrived. ALL are receiving the appeal. If you have recently contributed, please overlook this appeal, but use the envelope later. If you have not contributed within the past three months, please be as generous as possible. WE NEED YOUR CONTRIBUTIONS.

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SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, SZECHUAN

NOTES FROM CANTON

By an American Resident of Canton

Canton today is still but the charred remains of what it was before the Japanese occupation. Everywhere are ruins, and damaged buildings are being torn down and the iron removed and sent away. The city is filthy, especially along the small streets; even the bund is littered with rotting vegetables. One sees few men in long gowns, but many starving beggars and the underfed and ragged poor.

The city is still under martial law with barricades guarded by sentries at all important points. Chinese must remove their hats and bow to every sentry, and at many places are subject to searchings, both of their luggage or parcels and of their persons. The Japanese are still highhanded and rough with foreigners and Chinese much of the time, although their behavior within the city is relatively better than it was formerly. The villagers particularly fear the Japanese soldiers, whose raids into the rural districts feature the burning, looting and raping which has been so fully publicized. Life in the city is still insecure, however, with much crime and with the frequent round up of suspects and searching of homes by the military.

The people are not their own masters. Ten thousand men were seized on the streets during the cold weather and forced to work for the Army. They were not even permitted to notify their families or to return to their homes to get warm clothing, but were sent at once to repair roads and railroads or to carry loads for the military. Many returned with the report that they had been used as "barricades" by the Japanese in their encounter with the guerillas and with little respect for the fighting qualities of the Imperial Army when not supported by planes and tanks.

Fighting is still continuing in the surrounding countryside. Planes, loaded with bombs, frequently fly over Shameen (the Settlement) and over foreign property. Japanese wounded are brought into the city at night.

Many Japanese civilians have come to Canton and have settled in the best or least damaged sections of the city. Many houses and shops have been confiscated for their use. The residential suburbs and college campuses are used as Army camps, some mission compounds and foreign property still being held for such usage.

A great deal of opium has been brought into the city recently, and heroin is also common. New methods of gambling have been introduced, some permitting stakes as low as one cent.

For the Chinese, economic life is dead. Although many of the former inhabitants were forced to return for work during the cold weather, few of the educated or well-to-do are to be found. Canton is now but a city of hucksters, traders in second-hand goods, workers and coolies. Many formerly wealthy citizens have been reduced to poverty, their property having been burned, bombed, looted or confiscated.

The Japanese are working hard to make the Chinese like the new regime. Wall paintings emphasize the happiness of the people, especially children, with the Japanese; others show John Bull helping or directing Chunking in various ways to oppose Japan for his own profit; still others are giving to lauding Wang Ching-wei. Schools are of lower grades only, and texts are printed in Formosa.

There is much Japanese goods in the city, and practically no foreign goods can get in. Goods from the Island Empire are being smuggled into the city on a huge

scale, with widespread reports that Army officers are profitting by looking the other way. In addition, there are at Whampao always many so-called transports bringing in Japanese manufactured products. The opening of the Pearl River on April 20 is arousing little enthusiasm or hope among foreign businessmen owing to the drastic regulations and restrictions imposed. The list of "restricted imports" for one thing, includes oil, paper, tobacco leaves, cotton yarns and piecegoods, cement, rubber and rubber products, and various metals. As an indicator of what foreign business may expect under the New Order this list is of ominous significance.

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COOLING OFF THE COMMUNISTS

(Editorial, Shanghai Evening Post & Mercury, April 26)

Telegraphic word from Chungking says that Kuomintang and Communist leaders are working out a formula for "satisfactory solution of their differences." In general, this accords with earlier information concerning negotiation on Government maintenance of Red forces--six divisions to be fully looked after and another three to receive pay only, a total of 210,000 men--together with arrangements to keep the Kuomintang out of Communist-controlled areas. To hope for a complete and final solution of the problem of Kuomintang-Communist problems, however, probably is a trifle too idealistic, for the differences run deeper than specific issues.

There is no reason why there should be any fundamental split between the Kuomintang and the Communists as long as Japan continues her invasion of China. There is every reason to think that such continued invasion will mean continuation of the "united front" to which every important Kuomintang and Communist leader is committed. Armed clashes should come to an end with the negotiation of satisfactory terms on the two points mentioned.

But it is likely, first of all, that local spats and jealousies between Kuomintang and Communist political workers will continue; and second, the Communists will never be content until Kuomintang promises of a legalization of their party position are fulfilled. And in the Kuomintang there is a strong resistance to going beyond a formal promulgation of the permanent Constitution next autumn. In other words, many of the controlling groups want to continue the "period of tutelage" and to retain the Kuomintang's present unique position as the only legal party. The Communists would of course continue to exist on sufferance, and there would be no movement against them or any effort to treat their party as an outlaw organization. But they would be unable to participate in the Government as Communists, or in general to enjoy the amenities provided by a legally safeguarded position.

By no means is it a clear-cut struggle between Kuomintang and Communists, however. Leaders in each camp feel respect, liking and a desire for co-operation as regards the other. It is clear, for example, that General Chiang Kai-shek--naturally a Kuomintang leader, but now grown in stature to be in great degree above direct party considerations--is probably the staunchest defender of Communist rights at Chungking. This is not at all (as has been represented in Japanese propaganda) because he has been taken into camp by Red propaganda, or intimidated by the historic Sian kidnapping, but simply because he has become convinced of Communist sincerity in the United front for defense of the country, and because he believes the Communists deserve a square deal.

It is suggested in Chungking that the Japanese expect, desire, or have been maneuvering to create a split. No doubt the Japanese would like to see one but it

is hard to see how they could have been acting effectively toward that end. The best-informed Japanese in China, moreover, have quite good information on the whole position and they are well aware that no fundamental split is possible under present circumstances.

At any rate it seems clear that the friction of the past several months between Kuomintang and Communists is being diminished through removal of certain major causes. Many sound observers feel that friction in degree will continue, it is true. But there should be no further danger, in any immediate future, that the friction will build up to a point of inflammability.

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DR. PAUL MONROE SEES CHINESE VICTORY

(Interview with the China Press, April 27)

The kindly, white-haired educator revealed he was traveling to the United States in order to urge Washington to make a loan to Chungking, "Chinese leaders seem confident that they can force Japan to sue for peace, but admit that without a loan to stabilize their currency, the work will be much more difficult," he stated.

Dr. Monroe said that Generalissimo Chiang Kai-shek and other Government leaders told him they did not expect to beat Japan in a military way. Rather, he said, "they were genuinely certain that with the fighting at a checkmate, they can wear Japan down to a point where she feels she's had enough of this war, and will gladly offer peace-terms."

Confidence Shared By All

This confidence, he continued, is shared by the highest and the lowest. "The farmer, the factory-worker and the soldier all trust their Government more than ever before. And they are united by a bond of patriotism that would have been unbelievable in China in former times."

Dr. Monroe declared that from what he saw in the cities and villages on his trip, he formed the conclusion that "Free China" can be industrially and agriculturally self-sufficient. "Factories are springing up everywhere," he stated. "Co-operatives, both agricultural and industrial, flourish. China is producing more and more of her own ammunition. And the driving force of all this is the determination of the common man to resist Japan."

Dr. Monroe illustrated his statements with the story of an aged Chinese woman who had a farm deep in the interior. One day she pointed out her two sons, both five years old, to a visitor, and said: "Ten years from now they'll be fighting the Japanese."

China Awakens

"When a backward Chinese peasant woman says this sort of thing, then China is really awakened," Dr. Monroe declared. "This determination, and the fact that the country is now resolved to depend only on herself, make me believe that China will come through on top."

Dr. Monroe said he was greatly impressed in seeing so many Chinese intellectuals, particularly returned students, guiding the country. "It used to be said in

'China that the returned student was useless," he pointed out. "The highly valuable work returned students, with their technical knowledge, are doing in their important government offices, proves the importance of the role into which they stepped after the outbreak of war."

Another ponderous factor in China's attempt to wear Japan out is the vast difference in the man-power of the two countries, he said. "When I was in Chungking, the streets were swarming with men," he declared. "When I passed through the rural districts of Japan, I could not see a single man working in the fields."

Japanese Punished

Although he had not seen any battles himself, he declared it to be common knowledge in the interior that Japanese troops stretched in a long line along the border of "Free China" and the occupied territories are being severely punished by continual Chinese raids.

The Chinese hope that the Japanese will not give up these territories and retire to the main cities, where a Chinese frontal attack could never succeed, he stated. So long as Japanese troops are stationed out in the country, he explained, Chinese regular troops and guerillas can continue destructive raids which take a high toll in Japanese man-power.

Dr. Monroe concluded by saying: "In my opinion, the Western powers should in their own interests make a loan to China. It would not be an unfriendly act towards Japan, whereas putting an embargo on her would be such. I will do all I can to push the cause of an American loan to China when I arrive in the United States."

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(For the first time in many years, the three famous sisters of the Soong Family met, at China's wartime capital, a further expression of China's national unity. The following article by Norman Soong, - incidentally, not a relative but a well-known Chinese newspaperman and once with the Peking Chronicle, - describes the historic event.)

THE THREE SOONG SISTERS MEET

By Norman Soong
(The China Fortnightly, April 16)

World's three most influential sisters are China's Soong sisters - Eling, Chingling, and Mayling. Eling, is Madame H. H. Kung; Chingling, is Madame Sun Yat-sen; and Mayling, is Madame Chiang Kai-shek.

All three are American-educated, all three are beautiful, not one looking older than 40. Madame Kung, least talked-about of the three distinguished sisters, is recognized as the ablest. Madame Sun is forever a revolutionary leader and political reformer, while Madame Chiang is the most active among China's women leaders.

Never was the trio in the Chinese capital - Nanking or Chungking -- at the same time. Before the war, Madame Sun lived in Shanghai. Madame Kung divided her time between Shanghai and Nanking. Madame Chiang visited Shanghai only occasionally. After war broke out, Mesdames Kung and Sun moved to Hongkong. Madame Chiang followed her great husband wherever he went and was always in the thick of things.

Recently the biggest wartime human interest story quietly broke in Chungking. Foreign correspondents were spending an uneventful Sunday, March 31, loitering in the two-story mud-walled Press Hostel or sipping expensive whisky sodas (\$6.50 a glass) on the South Bank when a giant, silvery-winged C.N.A.C. Douglas touched ground. Unheralded, unobtrusively the three sisters, accompanied by "Uncle" W. H. Donald, stepped out. Among a small welcome party was H. H. Kung.

Like Alice in Wonderland Mesdames Kung and Sun set eyes for the first time on West China. Chungking's mist, long winding stone steps, strange mingling of the modern and the old, and its luxuriant vegetation were eye-openers.

First thing Madame Sun did the morning after arrival was to inspect the ruins of Chungking. House guest of the Kungs, she went out riding with Dr. Sun Fo, President of the Legislative Yuan. In the evening the sisters were dined by portly Vice-Premier Kung at the spacious Fan Chuang, a villa occupied by the Kungs. Others present: the Generalissimo, Dr. Sun Fo, Dr. T. V. Soong and T. L. Soong. It was a strictly family affair, the first reunion since 1927.

Busiest of the three on the second day was Madame Sun. Shorter than her younger sister, with eyes no less sparkling, she greeted presswomen and admirers in a black mandarin gown and blue-grey oxford. When out visiting she put on a dark blue spring coat and carried a black brief case.

Most enthusiastic and bubbling with joy was Madame Chiang, who had been away over a month for medical treatment in Hongkong. In a printed dress with a red sweater over it, the First Lady darted across the living room in slippers. Pulling Madame Feng Yu-hsiang (wife of the Vice-Chairman of the National Military Council) over to a divan, she announced as happily as a school-girl: "I'm well and as healthy as ever. I have gained two pounds. Mesdames Sun and Kung are anxious to see what we women are doing here."

On April 2 the First Lady paid a brief visit to the headquarters of the Women's Advisory Committee of the New Life Movement, of which she is directress, while her two sisters continued their sightseeing and social engagements. At night they were guests of brother "T.V."

Madame Sun's arrival in Chungking was hailed by the vernaculars as "an effective symbol of unity." Local papers gratefully acknowledged the part she had played both before and since the war, particularly her connections with the Chinese women's War Relief Association, the Chinese Red Cross Society, and the China Defense League. Like Madame Chiang, Madame Sun has written incessantly for publications abroad.

Dignified and quiet is Madame Sun, who wears her hair in a combed-straight-back style. Like Madame Kung, she is also a graduate of Wesleyan College for Women at Macon, Georgia. Madame Kung, however, later went to Wellesley College, Mass. (same school Madame Chiang later went) for her M.A. In addition to her manifold duties, Madame Kung is president of the Friends of the Wounded campaign in Hongking.

On April 3 the three sisters began their program of work in earnest. In the morning the young women attending the Staff Training College had the pleasure of seeing them and having them as luncheon guests. No special feast was prepared, but they minded not, for they enjoyed much more talking to the young ladies.

In the afternoon the 500 war orphans at the Home for Refugee Children had the

thrill of their lifetime when Mesdames Kung and Sun, ushered by "Mama" Mayling, visited them. The kiddies sang with all abandon, cheered them and "fell" for them. Highlight of the visit: one tiny tot was so taken by Madame Kung she wanted to follow her home.

"With such training as these orphans are having," remarked Madame Sun in the speech, "there would never be a Wang Ching-wei among them."

More cheers greeted them as they reached the Handicraft (embroidery) Training Class, where they were shown exquisite embroidery on China linen and silk. The work was for export. Graduates of the class are now scattered in different parts of the country teaching village women to ply a deft needle in the interest of art and finance.

Most enthusiastic in their work was Madame Kung, whose main interest lies in promoting practical industries for women to improve themselves and help the nation's export as well. It is Madame Kung's idea that women should devote more attention to productive enterprises. She has raised \$300,000 for the production of ramie fiber. While in Hongkong she discussed with experts a new process of turning ramie into fabric. She has been helping Dr. Kung who is president of the Chinese Industrial Co-operatives.

Children's Day, April 4, Madame Chiang was by the Generalissimo's side when 12 children delegates paid their respects. Remarked Madame: "You belong to the more fortunate class but you must never forget your less fortunate brothers." Mesdames Kung and Sun presented 500 bags of candy to the war orphans whom they had visited the day previous.

Highlight of their 6th day stay was a visit to the public dugouts. Cameramen and photographers had a field day, for they "shot" the three leading ladies going in and out of the caves, of which Chungking has hundreds. The visit attracted a huge crowd of admiring onlookers.

They also toured the devastated downtown section, seeing for themselves the widespread havoc done as well as how Chungking has been rebuilding itself. They stopped at a number of places for a close inspection.

Before that they visited a number of C.I.C. branches in the suburbs. It was a sunny afternoon -- a rare treat in mist-covered Chungking. Co-operatives praised were an army blanket factory and a printing co-operative. Memorable was the occasion, for all three Soong sisters have contributed much toward the success of the C.I.C.

Said Madame Kung: "The C.I.C. is an important solution to many problems confronting China today and I will continue to lend my support to the best of my ability." Goal of the C.I.C. is to have 30,000 societies in 2 years.

Climax of the first week's sojourn came when Madame Chiang threw a garden party at the Chiang residence Sunday afternoon, April 7, to introduce her two sisters to Chungking's leading women. All three were at the receiving line and tea was served.

Surprise guest was the Generalissimo who strode in unannounced, only to be widely applauded when the crowd noticed his presence. To the 200 guests he said:

"The presence of Mesdames Kung and Sun is an event of great rejoicing not only for Chungking but also for the entire nation."

In an impromptu speech, first in Shanghai-accented Chinese and then in flawless English, Hostess Chiang said: "I hope with all my heart that it will be granted, and that is, that they will remain in Chungking to direct and head the women's work for the winning of the war."

Both Mesdames Kung and Sun also spoke a few words in Chinese, and Madame Kung was prevailed upon by Madame Chiang to repeat it in English. "I'm indeed happy," said she in equally flawless English, "that during that past week I have seen for myself what you are doing..."

Next day, April 8, the three sisters, all in sporting dresses and wearing native Szechwan straw hats, visited a hospital for wounded soldiers. To all, including 5 wounded Japanese prisoners of war, they distributed comfort kits, each containing a box of biscuits, a box of candy, one towel, oranges and salted eggs. Everyone sat up in their beds as they went the rounds. Coming to one of the 5 Japanese who was badly wounded, Madame Kung kindly said: "You needn't sit up, please lie down."

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HOME COMING

(From The China Weekly Review)

To the Editor

As we are sailing for China very soon, please stop sending the China Weekly Review to us here. The paper has been very useful.

What The Review said about the deterioration of conditions in Japan is quite true. I give Japan two years to clear out of China. I would like to see Japan stand another two years of this terrible financial strain! The results would be too interesting for words. Premier Yonai, I think, said that Wang Ching-wei's regime would gradually "absorb" the National Government in the West, and that Gen. Chiang Kai-shek's regime would "die out."

Peor Yonai, he had to deceive the Japanese people. What if the Wang regime fails to absorb China's leaders? I am willing to bet with Yonai. If Wang Ching-wei can absorb even three first-class leaders in Chungking today, or in this year 1940, I would be willing to commit suicide. If Yonai and his puppet Wang fail, Yonai would have to commit suicide! But, of course, Yonai is Yonai and I am only a small potato. The Japanese will find out about this deceit in less than two months and then what will happen?

New York City
March 12, 1940.

LIN YUTANG

SUMMARY OF CHINA NEWS

CHINA CELEBRATES A VICTORY. Papers in China headlined, and people celebrated, the first major Chinese victory of the year, last week. Though little news of the victory appeared in this country, because of the emphasis here on European war news, reports via short wave radio from Chungking, have given more details.

The reports state that the Japanese troops, with their base at Hankow, were heading north and west, with the twin cities of Singyang and Fancheng in Northern Hupeh (traditionally known as the gateway to Central China) as their objective. Chinese troops, getting wind of the move some four months ago, were well prepared. The Japanese troops were diverted from the twin cities some miles before they reached them. The Chinese, on May 17, reported the recapture of Tsaoyang, a strategic city to the east and north of the twin cities.

Heavy losses were inflicted upon the Japanese, according to the Chinese report, with some 50,000 Japanese casualties out of a total of 150,000. Also the Chinese captured large quantities of equipment, including 2000 motor trucks, 3000 pack horses, 69 tanks, and countless rifles, machine guns, and ammunition supplies.

The Japanese then sent up reinforcements from Hankow, and the Chinese strategy, according to a Chinese army spokesman, allowed these reinforcements to go through and beyond Tsaoyang. The Chinese troops were then able to surround the Japanese forces and to trap them in a military pocket.

Fighting is still continuing in the area.

Meanwhile reports in the New York Times point to Japanese offensives in Kwangtung, and along the Canton-Hankow Railway. "It is believed," said a special wireless to the Times on May 27, "these attacks at several points are intended to split up and confuse the defense, but the Chinese were forewarned and have troops at all threatened points, it is said."

CHUNGKING BOMBING. Air raids by Japanese planes upon Chungking have been severe and constant during the past week. Chinese pursuit planes have kept up a steady vigil and reported that they had downed eight Japanese planes last week. Up until May 27, the Chinese had reported that there was no serious damage done. Bombs had been released over empty fields.

On May 27, however, the New York Times reported that Japanese bombs had killed approximately 200 civilians in Chungking suburbs, including fifty medical students at Hanchung.

JAPANESE PURCHASES FROM U. S. INCREASED. That United States responsibility in furnishing Japan with the means whereby she can continue her destruction is greater than ever before, was made clear in a recent report of the U. S. Bureau of Foreign and Domestic Commerce. The report stated that Japan's imports from the United States had increased 9.5% in 1939 over 1938, and that her exports to the United States (which furnish her with the foreign exchange for the purchase of her death dealing equipment) had increased 50.8% in the same period.

THREATS TO SHANGHAI INTERNATIONAL SETTLEMENT. Observers in the International Settlement at Shanghai have seen in recent Japanese moves an effort on Japan's part

to prepare the way for taking over control of the settlement. It is felt now, however, that Japan will not make such a move unless she is willing to face the possibility of war with the United States.

The establishment of an office of the Nanking puppet regime in Shanghai which is making efforts to take over the control of Chinese civic and industrial organizations, was one sign of this Japanese threat to the settlement. Last week a Japanese naval spokesman issued a statement that Japan would take steps to prevent the spread of the European conflict in the Far East. This was interpreted as meaning that if any riots should occur in Shanghai if Italy entered the war, Japan would take over control of the settlement. United States officials, however, have been firm in pointing out that the four powers garrisoning the settlement have agreed to maintain the status quo.

JAPAN WOOS LATIN AMERICA. With a trade pact recently signed between Uruguay and Japan, and the earlier pact between the Argentine and Japan now becoming a fact, evidence of Japan's drive to increase her trade with the South American countries becomes indisputable. An article in the New York Times on May 12, by John W. White, South American correspondent, said, "Japan has begun an efficient, well-planned and determined drive to capture a substantial share of the South American markets formerly controlled by Germany." The article points out that Japan is sending her best negotiators to Latin America, and that she is carrying on clever propaganda there. Much of the increased trade with Latin America which Japan hopes to get, will be, Mr. White points out, at the expense of the United States.

WITHIN JAPAN. Most interesting story of internal affairs in Japan during the last three weeks was the story of the birth and death of a liberal party. The "People's Labor Party," whose leader was Professor Isoh Abe, described by Hugh Byas as a "mild socialist liberal whose patriotism had never been questioned," made application to the proper authorities for a licensed existence, and was refused. The authorities said, "To attain the objective in Japan's holy war the entire power of the people must be concentrated in the State's policy." So one more group gasping for a liberal breath in Japan was smothered.

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WHERE WAR REFUGEES ARE AN ASSET. China's war refugees are pulling themselves up by their own bootstraps. They are not only making a living for themselves, but are also manufacturing shoes and soap, blankets and cotton cloth, and many other products which are sorely needed both by their own soliders and by the civilian population of "free" China.

They do it on a share-and-share-alike basis, under the Chinese Industrial Cooperatives. Ten or fifteen refugees band together to start a shop. With seven dollars (in American money) apiece they can begin work. From then on they are self-supporting. In a year and a half, 2,000 industrial cooperatives have been set up, and many more are being started each month. They are being started, in fact, as fast as the money can be raised to start them. Both workers and local markets for their products are almost limitless. The industrial cooperatives are fast becoming one of China's most important answers to destruction by bombs. U. S. \$7.00 puts a man to work. If you want to help, write Miss Ida Pruitt, American Committee for China Industrial Cooperatives, 57 William Street, New York City.

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ANNOUNCEMENT

THIS IS OUR CHINA, by Madame Chiang Kai-shek, may be ordered from the China Information Service. Have you ordered your copy? The price is \$3.00 per copy. 'In this dramatic story of her country at peace and at war, China's First Lady voices passionate belief in her people, in their capacity to endure and gather strength from the present crisis!

"She is a woman of force of character and striking personality in her own right, beyond doubt the most influential woman in China.. This volume is a more rounded expression of herself than anything that has yet been published here." NEW YORK TIMES BOOK REVIEW. "Because of her ability to put her personality on paper in the English tongue, the reader of this book will have an opportunity to get on really intimate terms with the most remarkable woman that modern China has produced and will surely find the experience a pleasant one." - NEW YORK HERALD TRIBUNE "Books".

CONTRIBUTIONS

Appreciation is expressed for the generous response to appeals for contributions. If you have not sent in your contribution, will you please do so at your earliest convenience?

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING, SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

THE WAR AND TRANSPORTATION IN CHINA

By Wallace Crawford

West China University, Chengtu

Dr. T. Z. Koo once likened the Chinese nation to a feather pillow, which if punched in one place bulged out in another. In the matter of transportation China has received a number of severe punches from the Japanese militarists; but although intended to be "knockouts" they have not even made the nation "punch drunk." For, while avenues of transportation have been closed in one place, the Chinese have opened them in another, often where it was deemed impossible. Where the Japanese have thought to have given transportation a knockout blow, it has been shown that other avenues of transportation have sprung up to "take the punch."

Perhaps the severest blow to the Chinese was the loss of the Yangtze to transportation. However, they are organizing parallel arteries for transportation from Shanghai to Chengtu in twelve days. In fact this parallel line has been traversed by individuals of the writer's acquaintance, and the trip is made successfully. Naturally it is not as comfortable and easy as that by way of the Yangtze used to be.

The great headlines telling of the blowing up of the French Indo-China Railway only spurred the Chinese on to see that transportation was only handicapped, not stopped. They had cars actually pushed by hand over the damaged areas of traffic and taken on by another train on the other side. Passengers merely walked around the broken line and resumed their journey in another train on the other side of the break.

The fall of Nanking was another ineffective punch at transportation for even before the loss of Nanking they had two other roads from the coast to the north. One of these had a branch line which crossed the French Indo-China Railway and ran into Kunming.

The knockout effects at water transportation have been almost as fruitless. It is true that the great water transportation along the coast has been ruined; that the Yangtze transportation as far up as Hankow has been stopped. But the Chinese are peculiar adepts at making every bucket of water do its bit to carry a load; hence we see combinations of rivers, canals, lakes, and seas being used to get cargoes inland. Stretches of the Yangtze that were heretofore deemed unusable are now being made to carry the cargoes of the nation. Other streams are being dredged and deepened and their tributaries diverted to enlarge the parent stream so that much heavier cargoes can be carried. New methods of water carriage are being employed. And in some streams boats made of skin are being used to carry cargo where it was not possible to carry it before. In West China bamboo rafts are being used on streams hitherto unused and thought impossible for navigation. On the lower reaches of the Yangtze itself, almost to Hankow, can be seen a new type of cargo boat thirty percent faster than the former cargo boats and carrying thirty percent more cargo, and capable of being transferred into motor-driven junks. Each of these new faster freighters can carry sixty tons or more.

If present plans carry it will soon be possible to ship cargo from Kunming to Chungking or even down the Yangtze to Shanghai. Also, by a newly developed waterway, cargoes will be sent from Kweiyang to Chungking.

Pilgrims travelling to the sacred mountain of Omei this summer will be surprised to see new developments in motor transportation, which eventually will carry motor traffic from Chengtu via Omei to Kunming down the celebrated Chien Chang valley. This road will also be connected with the Kangtin (Tatsienlu) highway at Yaan (Yachow), soon to be completed.

The road from Chungking to the great Northwest is now shortened two or three days by a new cutoff. Heavy highway transportation runs to Lanchow daily.

But to tell of the many minor improvements in transportation to offset the punches of the Japanese would take much too long. It can be said that the last round in transportation has not yet been fought.

More planes than ever before come and go from Chungking, the West China metropolis, as well as from Chengtu. Soon we shall see freight brought in here by huge Condors; one air company has already arranged for the use of these great ships. Think of it! From Chengtu to Rangoon in a day. From Hanoi to Chengtu in a day. Unbelievable! From Hongkong to Chengtu in six hours. Who would have believed it? Virgil Hart would be dumbfounded at such colossal strides and Spencer Lewis would hardly believe his eyes. The effects of the Japanese to search out a weak place in the transportation defense of the Chinese have so far been in vain. We see the Chinese coming back each time with a counter punch which, up to date, has been sufficient to offset the blows of the enemy.

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SOME FACTS REGARDING THE OPIUM CONSUMPTION IN CANTON

By A. J. Fisher, Hongkong

The sale and distribution of opium and its derivatives are being handled by a company who have the name of Fuk Man (blessings to the people). This company have branches in other cities in occupied territory. It has been ascertained that 700,000 ounces of Persian opium is imported into Canton a month. There are 852 opium dens in Canton city, plus 80 others who sell the cheaper opium, that is to say, the refuse of the high-class ones. The cost of opium is from NC\$1.25 to NC\$3.80 per tsin (dram), or NC\$12.40 to NC\$30.80 per oz. The city is divided into districts. Investigation in two districts give the following facts: 117 first-class opium dens, 40 second-class, as compared with 38 rice shops, 9 shops for the sale of firewood, and 5 for the sale of oil. Those who are acquainted with the situation say that, heroin pills are sold in these same shops in addition to being distributed by other methods. These facts are generally known and inquiry concerning them is distributed freely.

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CHUNGKING AIR RAIDS--UNIVERSITY PRESIDENT APPEAL TO AMERICAN PEOPLE

By Short-Wave Radio

A message to the American people asking them not to provide the Japanese with weapons of destruction was issued by the President of the three universities, Fuhtan, Chungking, and Central Universities, in Chungking. The message said that the Japanese would not be able to carry out their campaign of aggression without the help of the imported American steel, iron and gasoline. "This note is written while Japanese planes are roaring above us," the message stated. "Our words are brief, but the grief of those who survive Japan's unceasing assault upon civilization is unfathomable.

The Chinese are thoroughly convinced that Japanese leaders stop at nothing in their campaign of destruction. During this week the Japanese airmen appeared to have singled out the leading universities in the Chungking area as their bombing targets. Casualties of students and other civilians during the five day period of air raids in Chungking ran as high as three thousand, according to estimates by relief organizations, of whom 1000 were killed, and 2000 wounded. More than half of them were in a serious condition.

(The various publicity organs of Wang Ching-wei continue to make frantic efforts to maintain the front of an "independent" government. How to square fiction with facts, however, is a difficult task, as pointed out in the comment below.)

UNHAPPY PUPPETS

By Randall Gould

(Shanghai Evening Post & Mercury, May 11.)

A rather pathetic appeal to the Japanese people not to look down upon pro-peace Chinese is voiced in Mr. Wang Ching-wei's Shanghai organ, the Central China Daily News, in the course of an editorial summing up to a study in the psychology of "sincere puppetism."

This newspaper is obligated to maintain a stand in favor of capitulation, but it strives to square this with self-respect. Its editorial speaks of China's many "humiliation days," points out that some of these are anniversaries of oppressive actions by Japan, and asks that Japanese realize that patriotism is not a Japanese monopoly but a commodity produced in China as well.

"Even in the anti-Japanese movement there is no feeling in the hearts of the Chinese people that they look down on the Japanese," says the editorial. "The Japanese, however, always have a superiority complex in dealing with the Chinese, which is absolutely wrong. What we want is a peace built up by the people of the two countries on a harmonious base and in a spirit of respecting each other. Japan should not stand as a victorious nation. There must be some reason for the Japanese people to respect the Chinese people."

Unfortunately there is every reason to believe that the Japanese in China do not entertain much respect for defeatist Chinese, who represent a point of view the Japanese want to enforce on them but at the same time one of the Japanese cannot imagine themselves as adopting under any circumstances. A number of Westerners friendly to Japan have been dismayed at observing, in Nanking and elsewhere, with what scorn and contempt even the lowest-rank Japanese officers often treat the pro-Japanese Chinese officials. As they have no support from the Chinese people either, the plaint of the Central China Daily News is explicable. Mr. Wang and his group remain in a lonely position, afraid to venture abroad without heavy guard, and uncomfortably aware that they fit snugly into a Chinese tradition regarding traitors.

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(A brief but telling contrast is presented in the following survey. It emphasizes the remark made some time ago that wars can be progressive or retrogressive; for China the present hostilities - in spite of all destruction - are unquestionably a factor of progress, and for Japan - in spite of all military victories - a cause of retrogression.)

ECONOMIC FACTS IN CHINA AND JAPAN

By Observer

(Condensed from Sunday Mercury, May 12)

I. In China

Latest information reaching here from China's wartime capital describes at length the Chinese leaders' efforts at making "free China" self-sufficient in every phase of her national life. The foundation of heavy industries has been laid while numerous types of light industry have been in operation for some time. Sizable iron and steel works, using ores mined in various parts of "free China," already are putting out finished products which while not comparable to those of the West, are nevertheless suitable for China's present needs.

Chinese munitions works, according to reliable reports, also are turning out both light and heavy machine-guns in large quantities and daily are improving the equipment of the growing Chinese forces. Some amount of light artillery is also being produced by the Chinese themselves. All these form part of General Chiang Kai-shek's second three-year plan which aims at making Chinese independent of foreign supplies.

The greatest stride, however, has been made in "free China's" system of communication with the outside world. The occupation and virtual control of almost the entire Chinese coastline by the Japanese has made it necessary for the Chungking Government to develop and keep open other communication lines with the friendly Powers. This is to facilitate the prosecution of the war; by far the largest portion of the Chungking Government's energy and resources are being devoted to the improvement of existing communication facilities and the building of additional traffic routes. The projects are far from being completed although one can notice the progress almost day by day.

II. In Japan

A contrast to the grim determination of the Chinese leaders and people in the interior to carry on the campaign of resistance is presented by the growing criticism of their own government by Japanese civilian leaders as reported by the press. Baron Seinosuke Goh, president of the powerful Japanese Economic Federation, was reported to have expressed dissatisfaction with the Japanese Government's control activities in business and industry.

Impliedly admitting the serious economic stress of the war upon Japan, Baron Goh also pointed out that the (Japanese) Government must do its best to curb the consumption of materials which could not be produced in sufficient quantities. He asserted that "appropriate steps should be taken immediately to control the rise of commodity prices, lest inflation of various nature set in, an inflation which might place the national general materials mobilization plan in jeopardy and endanger the national livelihood.

The Baron seemed restrained in his criticism as he had reason to be; for as early as half a year ago shortage of various materials and even daily supplies was reported in Japan. And as for inflation, economic experts generally have agreed that it has set in simultaneously with the floating of the Tokyo Government's Red Ink Bonds.

More outspoken and realistic criticism of the Japanese Government was made by the veteran politician Mr. Fusanosuke Kuhara, leader of the orthodox section of the Seiyukai Party, who said:

"In the sphere of industrial administration, the policy of the Government was so vague that the people were at a loss to make the proper adjustments. The control being exercised was liable to be based on paper plans, ignoring the basic principles of economy. The activities of the people had thus been restricted, industry made to wither and materials caused to be accumulated in certain sections and to run short in others. Nothing could be more deplorable for the sake of the nation. In order to break through these difficulties, the people must join hands and work as one man."

Mr. Kuhara's statement is the first intimation by a responsible Japanese politician of the existence of differences among the Japanese people vis-a-vis the present crisis resulting from the Japanese military's undertaking to establish a new order in East Asia.

Economic issues are coming more and more to the fore as the war between China and Japan drags on. The odds cannot but be in favor of the Chinese in view of Japan's highly industrialized but top-heavy economic national structure.

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SWATOW REPORTS:

Special Correspondence.

April 10. - A gunboat is in the harbor, which means that sometime within the next ten days, probably, we can get private mail out safely, so I shall write some of the things we have kept locked up in our hearts for months, because we could not be sure letters would get out. Also, we have not mentioned many of these things because they should not be read by the younger generation. There is nothing to be gained by harrowing their feelings, and filling their minds with things that may disturb their rest sometime, so just keep this out of their reach. I do not think it may be wise to tell you some of them.

We thought that perhaps after the new Government under Wang Ching-wei was started, conditions for the local people might be easier, but they are tightening here, for no reason we can see, except that our friends (the Japanese) intend to cut off all communication with the unoccupied territory. Many people have come out here, because it is easier to live in Swatow than inland in occupied places; rice is even higher there. The rice problem in free districts is just as bad, too. - - -

Spent ten days in Ccfu. They have startled us all with their reports of conditions in that once proud, prosperous city. All well-to-do people are in the country in free areas, so only those who had no money to get away with are left, or those who had no one else to keep their property by living in it. About 80,000 are there now. They walked up in the former Hakka section, formerly full of busy hotels and blocks of Hakka business houses. Now, in several blocks, they saw only one woman. She was a member of our church whom they went to call on. No men at all. Buildings all more or less wrecked, all woodwork torn out by local people for fuel, as is the case here in any unoccupied building. In the church, out of some 30 families left, only two can get along without relief. People on the streets have their hands and feet swollen from an all-water diet. They are about to starve. Some have a green color, from eating too many green vegetables, they say! The girls went to the big Buddhist temple, Khai Ngan, and asked the charitable guild officers there what were their records of starvation cases. They said that the several charity,

guilds in the city have buried, to date, about 5,000 bodies picked up on streets since occupation, 4,000 of whom were starvation cases. This shows the terrible need of relief work up there. If money is available, there is some food to be bought, but it is so very high-priced.

The Drawnwork firms have taken rice up by truck, just for their employees frequently. They must get permits, of course. Our Relief Committee has sent up since summer \$2500.00. The English Presbyterian Mission has sent up \$500.00 for their own people. People can now travel up and down by regular bus, not a hard trip. X is working to get a large sum from the American Advisory Committee in Shanghai which handles the U. S. Relief funds, for Ccfu. (Later. No funds available at present.)

Two women of the English Presbyterian Mission have just gone up to live in their compound, hoping to find ways of helping, though their funds on hand are limited.

There have been many Japanese horses sent up there for various purposes, officers' use, hauling carts, etc., same as here. They are fed a grain, either barley or wheat, brought in by their transports which come and go in the harbor all the time. This grain seems not to digest fully, much of it passes out in the manure. People in Ccfu. gather up the manure, wash out this grain, and cook it to eat! There is enough of it that some do this for sale. You will recall that the government in former times always had the big granary at Khai Ngan temple stored full of rice for emergency use. (This rice was kept there untouched sometimes 50 years before it was renewed.) This was all sold in the early months of occupation, of course.

April 14. - One more item about Ccfu. Last July, after the Japanese had been in control of the city for several weeks our Chinese soldiers, 300 of them, slipped into the city in plain clothes, and at night, came out and drove the small force of Japanese out. But Japanese reinforcements went up from here, and retook the city. Fighting was along the streets. After it was over, the Buddhist Charity Burial Association went out to bury the bodies lying along the streets. Fighting had been close to our chapel, which is right in the heart of the town, and shops had been burned close by, and the dead lay on the street near our gate. The Japanese refused permission to bury the dead, and they lay there, along the streets, in heat of July, for TEN DAYS: It was becoming unbearable. So then the Catholic priest, who had been there through all the month, and two or more Sisters, went to the Japanese authorities and demanded that the city be cleaned up, and permission was given. (We have read of the same condition in Canton, and other places. We wonder what advantage the Japanese get out of such a situation, perhaps they hoped to kill off all the population by pestilence.)

At that time some tens of our people were living in the chapel area. They were more terrified than they had been at time of occupation, because now the Japanese were angered by the resistance of the Chinese soldiers, and were arresting people everywhere as sympathizers. These folks had no refuge except in the church baptistry, which was on the ground floor, dug out perhaps 4 feet deep, the size of a very small room. Here they huddled for THREE DAYS. Then, they heard someone walking about in the chapel area, and the pastor went out into the big court. He found Japanese soldiers walking about in possession. The back gate of the old Girls' School was wide open to permit the public to enter and loot as they chose. The Pastor walked through to close this gate. They arrested him, and led him off with a group of

other men. A very heavy storm came up, and the soldiers dismissed the whole group!! Until he returned to the chapel, the folks in the baptistry did not know what had become of him. The church has not been molested since that time, I understand. The pastor has shown marvelous courage and faith through all these months, and the church is praising him highly,

The Japanese go all over the city asking for "pretty ones", so girls are not safe out on the streets. Here in Swatow they have brought in many geisha, and Chinese girls are not now molested.

I can't tell you all the horrible tales of cruelty and torture. Two persons have to come from Kakchieh every day. They must pass the sentries at the wharf, and see people beaten and their burdens of food thrown away, or taken by sentries. The line waiting for examination is two to three blocks long. If 6 o'clock comes and hundreds are not yet passed, they must turn back and find some place to spend the night in Swatow. They are permitted to carry only a small amount of anything out of town. If they resist examination or are frightened, or have too much of anything, some have been beaten until they vomit blood; some until they died. The Japanese use the butts of their guns. A little child was beaten to death. An old woman who got confused and failed to step in the right line was thrown right off the high jetty onto the broken crockery and stones beneath. A man was taking too much rice out, (they are desperate for rice across the bay) and got it into a boat away from the wharf. The sentries got down and overturned his boat before he got away from the bank. He fished the wet bag of rice out, and got his boat righted, and escaped, but word was sent across to arrest him when he reached the Kakchieh jetty. E. saw all this, saw him arrested on other side, but doesn't know what happened afterward. I won't harrow your feelings by all we hear of methods of torture when people are arrested. Torture is the same the world over, when men become worse than beasts.

All over our town here are big slogans printed and painted along streets, showing how happy the Chinese are in living and working with the Japanese!!!

Thieving is bad all over the country. Mr. Y. goes to visit churches up Kityang River. Three times his boat has been stopped, last time his clothing was taken.

A PEIPING RESIDENT WRITES

Returning to Peiping in the third year since the "incident" began, one notices the more densely crowded streets. There has been a multiplication of both Chinese and Japanese population, said to bring the city up from less than a million to a million and a half. Fifty thousand Japanese residents have come in, and probably 400,000 Chinese who are mainly well-to-do refugees from a "no man's land" and bandit infested country.

Before the "incident" we were used to Japanese military units parading their tanks and military trucks, practising their drill and scouting in the open spaces and crowded streets, or even in the foreign quarter. This activity has been greatly increased: military trucks, cars and motor bicycles have absolute right of way; rifles and bayonets are used in deadly earnest; military and observation planes fly daily over the city; and the Chinese are made to feel that they have no rights which the lordly conqueror is bound to respect.

The addition of 50,000 Japanese is noticeable in the processions of children going to school in the great school buildings they have already erected in central open spaces; the Japanese women everywhere - on foot or in junrikisha; Japanese shops one after the other on big streets and occupying whole alleys; multiplication of neon signs and electric gadgets, and cinemas for the Japanese. But the spirit of the Japanese crowds is seen in that they rarely look a foreigner in the eye, never smile or return a smile, and pass by aloof.

The tremendous demand for houses results in much building. Lumber and brick yards overflow into the streets and carpenter and mason work obstruct traffic. Although many fraudulent practices for getting property have been denounced and ordered stopped by even the Japanese controlled press, stories are constantly heard of Chinese residents being charged with imaginary faults and fined by the confiscation of their houses or shops. For instance, a Chinese barber may have a Japanese customer who jumps and starts until he is accidentally slightly cut; the barber is then haled to the military prison and charged with attempt to kill, and the shop is awarded to the man who brought the charge.

Passengers on crowded busses and street cars are subjected to search both coming in and going out of the city. In the half-hour ride from Peiping to Tungchow they are regularly searched three times for hidden arms or forbidden national currency, which is still the only money recognized a few miles away where Japanese control is not complete. This makes change from the allowed to the forbidden currency necessary, and travellers often have to carry both at great risk of confiscation and torture or death in punishment.

Within Peiping the new paper currency of the Federated Reserve Bank was forced on the people at the beginning of the year with bayonets and hot water. But the people still complain that the money is worth only the paper, ink, and labor of the thousands of workmen at the presses that are pouring it out. The great public works that seem to take millions of dollars cost the authorities only the printing of the bills, and these bills have declined to just about par with the forbidden Chinese national currency. Yet to the people it has no exchange value with the national currency. Hence they dare not keep it. The farmer will sell no more than enough products to get the cash he needs for today; so, too, the shopkeepers. The result is something we never saw before: queues and throngs of people standing all night outside the food shops for the chance in the morning to fight for or buy the pittance of food to be sold that day; groups of weary women with empty bags plodding across the city to some place where rumor says grain is being sold; the Japanese government sending men through the alleys with permits for the purchase of part of a bag of flour; an occasional householder too proud to take the permit saying she prefers to starve, or whispering that she has hoarded enough to get along without it.

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REPORT ON JAPANESE PROPAGANDA

Japanese propaganda activities in the United States continue to increase despite the expense and scope of the recently-inaugurated propaganda drive that Japanese interests are now pushing in the Latin American countries.

For a time it was thought that the Japanese would divert part of their \$7,000,000-a-year propaganda funds from the U.S.A. to Latin America, but it appears certain now that the costly Latin American campaign has been inaugurated and carried

on with new and additional funds and there has been no diversion of the money appropriated for the United States.

The names of new Japanese propagandists are being constantly added to the State Department's roster of paid foreign propagandists.

Carroll Lunt, who has long been a subservient flunky of Japanese interests, came to this country last year posing as an independent publisher of magazines in Shanghai who brought a "realistic" and "neutral" viewpoint on Far Eastern questions. He has been describing himself as "another Carl Crow" and has secured speaking engagements with many important groups and societies in this country. He has just registered with the State Department after the FBI became interested in his activities and background.

Gene Lamb, who accepted the hospitality of the Chinese people for years and lived among them as a "friend", also turned up recently as a Japanese propaganda agent, being paid for his writings, lecturing and motion picture exhibiting, through the Japanese Board of Tourist Industries. All his expenses are paid. He is now operating in the West.

Glenn Griswold, publishing director and editor of Business Week for many years, one-time vice president of the McGraw-Hill Publishing Co., an old Hearst associate, was engaged by the Japanese at a pay rate of \$1,000 a month for a special job, the nature of which was vaguely described as "public relations counselling". His office now claims that he is not now in Japanese pay.

Japan's most clever propagandists, Kiyoshi K. Kawakami, is now spending his time in the United States, living at 3729 Morrison Street, Washington, D. C., according to his record in the State Department. His superiors regard him so highly that he gets paid \$12,000 a year, ostensibly as a "correspondent." Many of his intimate friends have said that he personally fights the Japanese militaristic caste under cover but to outsiders he remains Japan's cleverest defender of Japanese aggression.

The South Manchuria Railway is only one of the numerous agencies through which Japanese propaganda issues to the American public and business interests, but the expenses for its New York office alone amounted to \$57,145.57 last year, the government records show. This may give some hint at the vastness of the Japanese propaganda machine here.

The Chicago Tribune Tower is a nest of Japanese propaganda activities, it is shown. Three new names have been added to the list of agents operating out of that building. They are Suejiro Ogawa, who gets \$300 a month, being connected with the Japan Foreign Trade Federation there. The Japan Information Bureau, in the Tribune Tower, carries on for only \$150 a month, they claim. The Japanese Importers and Exporters Association of Chicago, also has taken quarters in the Chicago Tribune Tower.

Hisakatu K. Watanabe, 549 Market Street, San Francisco, gets \$325 a month for propagandizing in that section. Kame Muracka has registered himself as publisher of the Japanese-American Review, Commissioner-General to the N. Y. World's Fair, etc., but fails to state how much money he is getting.

ISOLATED AMERICA

By Raymond Leslie Buell, New York.
Alfred A. Knopf. (457 pages) 1940

Mr. Buell suggests a Positive America to take the place of Isolated America. He encourages a new world Association of Nations which should welcome the establishment of new regional bodies such as a federal Europe, a Pacific Conference, a British Commonwealth of Nations, a Pan-American Union and a U.S.S.R.

In Chapter III entitled "A Settlement In the Pacific," Mr. Buell suggests in order to restore peace in the Orient, a new Washington Conference which "must be based upon the Nine Power Treaty, providing that the political independence and territorial integrity of China be respected" (pages 365-366); and "should envisage a reconstruction program for China and certain economic assistance to Japan" (pages 366-369). And, as part of a general settlement, the U. S. "should agree to revision of its legislation discriminating against Oriental immigration." (page 369).

"But," Mr. Buell maintains, "the American government should be careful not to mediate (on the basis of long-term proposals as outlined above) before China takes the offensive successfully." He suggests therefore certain important interim measures to "strengthen China and make clear to Japan that it cannot succeed in its present course."

These measures are as follows: (pages 362-3)

"1. A congressional authorization of a loan to China through the Export-Import Bank of, say a hundred million dollars for the purchase of supplies in this country, coupled with (a) the sale of antiquated army '75's, which the Chinese Army badly needs; (b) protection of American vessels carrying supplies to China by the Indo-China or Burma routes--if need be, by naval convoys.

"2. The conclusion of a treaty between the United States, Britain, and France on the one hand, and the Chiang Kai-shek government on the other, promising that the three democracies will not recognize any territorial gain or puppet governments established by Japan in China, agreeing not to advance any credits to the Tokyo government, undertaking to surrender their special concessions and withdraw their military forces from China as soon as a peace is made acceptable to the Chiang government, and agreeing to assist in the economic reconstruction of China. For its part, the Chiang Kai-shek government should recognize the importance of co-ordinating its reconstruction program after the war with the needs of neighboring nations.

"3. Congressional authorization to the President at his discretion to impose limitations upon selective articles in our trade with Japan or other nations violating obligations owed to the United States.

"4. If the Philippine commonwealth requests it, the postponement by Congress of the date of independence, now fixed at 1946, until the situation in the Pacific becomes more stabilized.

"5. A declaration by the United States offering to negotiate with Japan a new commercial treaty, together with a Hull trade agreement, and an agreed solution of the Japanese immigration question, after the conclusion of a negotiated peace with the Chiang Kai-shek government."

"If Britain and France, on account of the war in Europe, cannot go along with the United States in the proposed treaty, the United States should make it with China alone. In so doing, it would prevent the consummation of a Munich in the Orient at China's expense. A policy of this sort might also bring about an understanding with Soviet Russia in the Orient."

SUMMARY OF CHINA NEWS
(May 28 to June 9, 1940)

After nearly three years Japan's invasion of China and less than three weeks of total war in Europe, it already appears that the two wars are by no means unrelated.

Japan Deals with Italy.

The connecting link revealed itself last week at the Italo-Japanese end of the axis. While the world was waiting for Mussolini to make up his mind about entering the European war, Japan prepared to profit from Italy's probable move. The Japanese "good-will" mission in Rome, headed by Ambassador Naotake Sato, according to a dispatch, May 31, from the New York Times correspondent, had reached an accord with Il Duce whereby Japan would furnish the Italian colony of Ethiopia with food and raw materials in the event Italy went to war. What Japan got out of this agreement was indicated in the Tokyo newspaper Nichi Nichi which said, on June 5, that Italy will continue its support of Japan's policy in China by recognizing the puppet Wang Ching-wei regime in Nanking and, in addition, will give Japan a free hand in the Dutch East Indies.

Japan further plans to seize the Shanghai International Settlement and the French Concession if Italy enters the European war. The Japanese plan, as quoted by the New York Herald Tribune correspondent, Victor Keen, from Chinese press sources, includes seizure of the local courts and public utilities; a press campaign against the French and British; and organization of other internal disturbances. Thereupon, the Japanese, backed by the local Italian military command, will demand the handing over of the foreign areas and withdrawal of other third-party powers from Shanghai.

Shanghai Again Threatened.

Japan's threat to the status quo in Shanghai was renewed in other ways. Through the puppet organ of the Japanese-sponsored Wang Ching-wei government, warning was given to third powers to negotiate for the abolition of foreign concessions and extraterritorial rights in China, or submit to "Nanking's use of force." Japanese newspapers in Shanghai and Tokyo circulated a report that French authorities were negotiating a transfer of police and administrative powers in Shanghai French concession to the United States. Though emphatically denied by the French and American authorities, the report was taken seriously in Tokyo and given wide publication, giving rise to the suspicion that it was a Japanese-inspired rumor calculated to increase tension in Shanghai.

Eyes On Netherlands Indies.

The Netherlands Indies situation, left standing on the recent Japanese American and Allied declarations in support of status quo, became prominent again in Japan's designs, as the European war intensified. On May 28 the Japanese Vice Foreign Minister Masayuki Tani, requested the Netherlands Minister, Gen. J. C. Pabst, for information regarding German charges that the Netherlands Indies government was maltreating German residents. The incident illustrated Tokyo's alert interest in the Dutch East Indies, which was re-emphasized a few days later by Foreign Minister

Hachiro Arita when he declared in a speech that Japan has the same vital concern over political and economic developments in the Dutch East Indies that the United States has in events in Mexico and South America.

According to a dispatch, June 5, from Wilfred Fleisher, Tokyo correspondent of the Herald Tribune, the inner Japanese Cabinet (Premier Yonai, Foreign War and Navy Ministers) is opposed to any adventure in the Dutch East Indies. A growing movement, led by some ambitious admirals, however, is urging the government to carry out a "protective occupation" of the islands.

Tokyo On the Alert.

There are signs on the whole that Nippon's policy of watchful waiting in respect to the European war is changing rapidly to one of intent alertness and determination to take advantage of any international developments. Hugh Byas, in an article to the New York Times, quotes the Tokyo paper Niyako as saying that Foreign Minister Arita has sent instructions to all Japanese envoys abroad to be on the alert for Japan's interest, as "it is possible that this Fall will witness an important liquidation, the world over."

Japan's main desire, however, seems that of "rounding out the China war" with the present favorable opportunity offered by the European situation. In a press interview, June 3, Premier Yonai stated that all of his Government's major policies, including settlement of the China war by the recognition of Wang Ching-wei, non-involvement in the European war and the maintenance of the status quo in the Netherlands Indies, remained unchanged.

Grew and Yonai Speak.

Touching on the subject of Japanese-American relations, the Premier told newsmen that there is a "way of improving the aggravated relations between Japan and the United States," but that "of course such a method is neither being considered nor being taken." A week before, the United States Ambassador Joseph C. Grew, made an important social address before the Tokyo Pan-Pacific Club in which he stated American ideals in international policy, his first widely reported speech since his famous "horse's mouth" warning last October. Referring indirectly to Japan's fear of economic embargoes, Mr. Grew showed how a policy based on the community of interests among the Pacific powers would "dictate the utmost freedom in the flow of life's peaceful commodities."

Extremists Move In Japan.

Aggressive nationalism, nevertheless, continues on the ascendancy in Japan, with drive for the formation of a single political party along totalitarian lines coming out in the open. The extremist movement against the present Cabinet was led by Fusanosuke Kuhara, a Seiyukai party member, who presented a three-plank program to the United States and Britain; "vigorous measures to terminate the China war; and immediate armaments increase. Although gaining considerable support, the projected party is reported to have failed to attract ex-Premier Fumimaro Konoye as a leader.

More Japanese News Curbs.

The Japanese Government is considering closer official control of News and opinion, with the possible creation of a propaganda department or some supervisory

organ. Arriving in New York from his 61-day imprisonment by the Japanese National Policy, James R. Young, chief Tokyo correspondent of the International News Service, charged that his "case is definitely an attempt on the part of extreme nationalist elements in Japan to intimidate newspapermen and writers dealing with questions concerning Japan, no matter in what part of the world they live."

Chungking Bombed Daily.

In the China war proper, air raids resumed their importance in the day's news. A Japanese naval spokesman declared, May 29, from Hankow that the Japanese Naval Air Force is planning daily bombardments of Chungking until its "spirit of resistance is broken." The threat was made good beginning May 21, especially with respect to universities and cultural institutions in China's provisional capital. On May 27, one hundred Japanese planes bombed Chungking, killing Prof. Sun Han-ping of Futan University and several students. On May 28, a force of 126 Japanese planes participated in a three-hour attack. During a five-day period of airraids in Chungking casualties of students and other civilians were estimated at 3,000, of whom 1,000 were killed and the rest seriously wounded.

A message to the American people asking them not to provide the Japanese with weapons of destruction was issued, June 3, by the Presidents of Futan, Chungking and Central Universities in Chungking. The message says: "The Japanese would have been unable to wage a long war of aggression without American steel, iron and gasoline. In appealing to you we hope that your country will do everything to help us to stop the crime of the Japanese. This appeal is being written while Japanese planes circle overhead."

Previously, an American missionary group at Chungking had sent messages to President Roosevelt, Secretary of State Hull and Congressional leaders denouncing the Japanese bombing of educational institutions in China and requesting the United States to halt the sale of war materials to Japan. A Japanese Embassy spokesman at Shanghai assailed the American missionaries for their protest, quoting Scripture - "Judge not lest ye be judged." He likened Japanese bombings to a "surgical operation" designed for the "improvement of the welfare of the Chinese people."

A Major Battle Near.

Comparative military activity on land still centers around the Hupeh and Kwangtung fronts, with the Japanese armies of invasion seeking to advance from Hankow and Canton, respectively. On the Yangtze River, Japan's drive westward, after repeated setbacks, finally resulted in the reported capture of Siangyang and Icheng. The Chinese military has massed large troops to meet the Japanese threat to Ichang, strategic highway and waterway center, 70 miles east of the Hupeh-Szechwan border. A major campaign was predicted near Tangyang, which commands the highway to Ichang. Meanwhile, the Chinese announced the recapture of Tsaoyang, 50 miles to the east in northern Hupeh.

In South China, Chinese counter attacks had retaken the towns of Leongknow and Mishiu, 50 miles northeast of Canton. Large supplies of munitions were taken and the Japanese suffered more than 5,000 killed. This blocked the Japanese offensive in the Tsungfa sector of Kwangtung province.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

SPECIAL BULLETIN

June 20, 1940

SPECIAL BULLETIN

Your attention is asked for the following summary of opinion. We have every reason to believe that our government does not back a policy of appeasement but we urge you to discourage pro-appeasement propaganda by writing to editors of your local newspapers, sending letters to the State Department, and writing or wiring your Senators and Representatives. H. M. L.

VOICES OF PANIC AND DESPAIR URGE NEW "MUNICH" FOR ORIENT

By Marcus Mervine

Up from the dank depths of panic and despair bred by Nazi successes in Europe comes a thin but penetrating voice urging the American Government to appease Japan in the hopes of buying her "good-will" so that our Pacific coastline and Pacific territories can be left undefended while the U. S. Fleet moves to the Atlantic Ocean for action against Hitler and Mussoline.

It is argued that a policy of toadying the Japanese militarists will beguile them into such a happy, irresponsible frame of mind that they will forget Japan's "divine mission", her "manifest destiny" and her "immutable policy" to conquer the Pacific and eventually rule the world. (vide Tanaka Memorial).

This policy of selling out the victims of aggression in the Far East in order to assist the victims of aggression in Europe was first promulgated by the Chicago Tribune in the first of June. Walter Lippmann claims credit for urging this policy a long time ago, but he lost no time in reiterating it again at this date. The usually friendly New York News advocated the policy for less than a week and then reverted back to its original stand of "Two Ships for One". Senator Vandenberg leaped into the wolf-pack with another statement urging more appeasement of Japan.

THE CASE FOR APPEASEMENT

The case for appeasement was stated by its advocates thuswise:

NEW YORK NEWS. "We'd better begin to patch up our quarrel with Japan in the matter of trade relations, which have been jittering along on a day-to-day basis since Jan. 26, when we abrogated the 1911 Treaty of Commerce and Navigation with Japan. It is too bad that Japan is still trying to enslave the Chinese nation. We still deplore that fact; but the more urgent fact is that the United States cannot lick the whole world for moral reasons or any other. We'd better make as many friends as we can, wherever we find them, before we start out on this crusade to put down Mr. Hitler, who is a very vengeful, vindictive man as well as a very smart man. Be nice to Japan now, and we may well be able to double our fleet's effective strength by making friends with the Japanese Navy. Go on scolding Japan as well as Hitler and Mussolini, and we may scratch our signature on our own death warrant as a nation."

WALTER LIPPMANN. "Our interests in the Far East are secondary to our interests in this hemisphere; because this is true, it follows there is no conflict be-

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE; EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI; CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING, SZECHUAN. DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

tween Japan and the United States which is not reconcilable by diplomacy. We should, therefore, recognize this truth and should, I submit, enter immediately into friendly conciliatory and candid negotiations with the Japanese for the avowed purpose of preserving the peace in the Pacific... We should aim high and aim far -- at a NEW ORDER of things in the Pacific in which, having adjusted our secondary conflicts, the two navies will cease to confront each other as potential antagonists and will be free to maintain order and stability in their respective spheres of influence."

SENATOR ARTHUR H. VANDENBERG. "In facing our new vicissitudes, we could serve our defense preparations no more realistically than to write a new commercial treaty with Japan--if reasonably possible--which would stabilize our relations in the Far East, where we most emphatically confront a condition and not a theory. A pacified Pacific could be almost equivalent to half a navy in our scheme of defense."

THE CASE AGAINST APPEASEMENT

NEW REPUBLIC. "To us the suggestion seems both cowardly and futile... If the history of the past twenty years has taught anything, it has emphasized the folly of basing any major foreign policy on agreements with aggressive governments. If Japan wanted to attack us, her obvious strategy would be first of all to make an agreement which would increase her power and give us a false sense of security, at the cost of nothing but a promise."

CHICAGO DAILY NEWS. "We think the (appeasement) idea as illustory as it is dangerous..In order to make a deal with Japan today, we would have to condone, openly or covertly, its treaty-breaking invasions of China. We would have to betray not only our Chinese friends, but also more than a hundred years of American policy in the Far East. We would be imitating, in effect, the worst and most dangerous aspects of Britain's appeasement efforts."

"And once we had made the deal, of what use would it be? Japan has deliberately broken one solemn treaty with us. Why should it keep another, any longer than its own interest required? What guarantee would we have that, at the first opportunity, Japan would not gang up against us with the rest of our enemies?"

"No, there is only way for us to be secure. We must make ourselves able, by combined sea and air power, supported by a sufficient army, to wage war, if need be, both in the Atlantic and the Pacific. No diplomacy, no scheming, no wishful thinking, no device, nothing whatever can save us now from this painful necessity, short of a miracle -- the miracles of an Allied victory over Hitler."

RAYMOND CLAPPER. "The proposition is the product of fear. Because we are afraid, we would try to appease Japan. By selling out now. By turning adrift to the tender mercies of the yellow race Australia, New Zealand, the Philippines, Dutch East Indies and all way stations. In order to buy Japan's friendship and support, we would put the seal of our approval upon such a betrayal. We would scuttle our every international ideal..

"Don't think that a deal with Japan would not be recognized as a tip-off to all Latin America, a tip-off that the third great democracy also was on the run. Are we to invite every Latin American country to begin saying of us, as the little nations did of Britain, that they cannot depend upon us? Of course the idea of a deal with Japan is stated in neat, seemingly safe terms. So was Munich. Yet Munich turned the balance fatally against the Allies. Everything since has been inevitable sequel.... In this situation we can trust nobody but ourselves. We can trust only our own force. We want none of the false sense of security that a deal with Japan would give us. We need guns, not treaties.."

SAMUEL GRAFTON. "The (appeasement plan) is very neat. The master-minds always turns out neat jobs. They dot every Chinaman and cross every Czech. That this would be an Oriental Munich..has not occurred to the master-minds.

PARDEE LOWE. "It is intellectually dishonest for us to recognize deeds achieved by naked force in the Pacific and in the same breath vow our undying hatred for similar aggression in the Atlantic."

M. BERNARD. "Now, when he (Lippmann) talks of saving civilization what brand of civilization does he have in mind? Is he intent upon saving civilization in Europe, while sacrificing it to an aggressor in Asia?"

* * * * *

Baron Giichi Tanaka prophesied the rising of just such advice, based on fear and panic.

"In order to conquer the world, we must first conquer China," the famous Tanaka Memorial says. "If we succeed in conquering China, the rest of the Asiatic countries and the South Seas countries will fear us and surrender to us. Then the world will realize that Eastern Asia is ours and will not dare to violate our rights."

China has not yet been conquered, but Mr. Lippmann in his column three days after the fall of Canton and Hankow in 1938, made the flat assertion that Japan had won the war. Mr. Lippmann, it is to be noted in the paragraph quoted above, now advocates the acceptance of the "New Order" as our aim in Asia. He has the courage, at least, to use Japan's own phrase as a description of our "highest aim" in the Pacific!

Leaving aside all sentiment of "sympathy" for the Chinese, it must be realized that China is also fighting for the cause of democracy just as surely as France fought or Britain fights.

China has been fighting, suffering untold hardships, for three long years against an army of fierce, brutalized troops trained in the arts of war since childhood, equipped with all the modern weapons of totalitarian warfare--arms and equipment as superior to those of the Chinese as German arms and equipment are superior to those of France and Britain.

The Chinese are made of stern stuff. They have great leaders. We hear about the heroism of the Norse, the Dutch, the Belgians, the Poles, the French-- all of whom were forced to capitulate-- but precious little these days about the heroism of the Chinese who even burn their own cities and scorch the good earth so that the barbarous hordes of the invader can gain no foothold in the territory they temporarily overrun.

The New York News sneers at the "liberals" who express sympathy or admiration for the Chinese in their heartbreaking ordeal against an alien invader armed largely with supplies from its alleged friend across the sea. Perhaps one day China will have driven the Japanese troops from her soil and the United States will be battling an alliance of totalitarian military and naval powers bent on our complete destruction. The Chinese will be too human to sneer at us, then, in our darkest hour.

Perhaps one day China will be the only civilized country left in the world where free men can live and breathe. Let's not stick a knife in her back, now or ever.

NOTE: Copies of the Tanaka Memorial are available on request.

In view of this special bulletin, Issue No. 46 will be postponed until July 2nd.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

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YOUR ATTENTION AND COOPERATION, PLEASE

On June 26 the President signed H.J.Res. 544, the last section of which makes provision for \$50,000,000 for relief of the homeless and destitute because of hostilities and invasion. The money is to be used for purchase of material in the United States to be distributed by "the President through the American Red Cross or such governmental or other agencies as he may designate." Write to the President and to Hon. Norman H. Davis, Chairman of the American Red Cross, asking that at least \$5,000,000 of these funds be used for relief in China.

* * * * *

On June 20, SENATOR LEWIS S. SCHWELLENBACH of Washington had printed in the Congressional Record the following letter from a ten-year old child who "has expressed herself better than others who have written thousands of words on the subject:

"Cambridge, Mass., June 16, 1940. Dear Senator Schwellenbach: Please put the embargo on. Some probably think it will get us into war. But this is not right. If we send scrap iron to Japan, Japan will make it into war implements to fight China now and us later. If we do not send her scrap iron and oil then she will not be strong enough to fight us. I live in China so long I understand. I do not want to take my best dolls back to China because it is not safe for them there. The Japanese might bomb them with American scrap iron made into Japanese bombs dropped from airplanes run on American oil.

"My father is a doctor in China. He takes American scrap iron out of Chinese women and children.

"I hope you put the embargo on. Hopefully yours, Joan S. Greene."

The President now has full authority on ground of national defense to restrict or prohibit exports of war supplies to Japan. Continue your letters on this subject to the President and to the Secretary of State.

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COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING,
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SUMMARY OF CHINA NEWS

While Hitler conquered Paris and France sued for peace, reports from the Far East had to do chiefly with two things: Japan's continued bombing of Chungking, and Japan's varied relations with the third powers.

NEW MONROE DOCTRINE IN EAST ASIA. All is clustered around the Japanese dream of a Far Eastern hegemony at the expense of both the Asiatic peoples and the Western Powers. As a climax to these events Japan's new "Monroe Doctrine in East Asia," according to the N. Y. Times' report from Tokyo on June 27, will soon be proclaimed. Its substance will assert that East Asia is a region in which Japan's influence is paramount and Western rights and interests secondary. It will extend Japan's non-involvement policy to cover all of East Asia. Japan's dominant responsibility for the defense of this region and her primary claims to its national resources will be implied in the doctrine.

CHUNGKING BOMBINGS. During the most recent air raids on Chungking, foreign properties, including diplomatic buildings, were extensively damaged. (June 21) The British and French Consulates were demolished. It was reported that 200 Chinese were killed and 1,000 seriously wounded when Chungking was subjected to a 4½ hour air raid by 126 Japanese planes. (June 26) The largest raid so far was hurled on Chungking when 156 Japanese planes rained bombs on the wartime capital. Foreign properties destroyed during this raid included the main building of the Canadian Mission hospital and its dental clinic, the Canadian Mission Young Men's Guild building, the new office of the Friends Mission, the Soviet Embassy living quarters and the French and German embassies.

The daily bombing of the Chinese capital, announced by the Japanese in May, reached a new high in destruction. A day-to-day record follows: (June 10) 36 Japanese planes bombed the residential districts of Chungking, resulting in 50 casualties and the destruction of 100 houses, including damage to the French and the German embassies. (June 11) 117 Japanese planes returned and dropped incendiary bombs on the same districts in which were housed many foreign establishments. 50 casualties reported. All of the press headquarters, including the U.P., A.P., the German Trans-Ocean, the French Havas and the Russian Taas offices were bombed; also direct hits on the Soviet Embassy and damages to the American and British Embassy buildings. (June 12) Climax of four days' continuous bombing. 127 Japanese planes took part, dropping 800 to 900 demolition bombs to destroy two-thirds of the old Chungking city, a populous non-military center. Casualties were established at 1,500; the Chungking Hospital was destroyed, and 150,000 people rendered homeless, including some foreigners. Among church properties destroyed were the Cathedral of the French Catholic Mission, the Methodist Institutional Church, the Seventh Day Adventist Church, and the American British Bible Society building. American losses from bombings for this one day were estimated to exceed \$11,000. American missionary eye-witnesses described the bombing as the worst single devastation caused by Japanese planes in the three years of invasion and probably one of the worst ravages of a city in history. (June 16) Japanese bombing renewed, with 150 planes and 300 bombs, destroying 3000 houses, including Chungking Hotel and many new government buildings. Four Japanese planes were shot down, and because of strict air defense casualties were few.

Despite the heavy and successive bombings, Chinese morale remained high and the spirit of resistance unbroken. In three days of fighting, 13 Japanese planes have been found shot down. Chinese fliers, firemen, medical corps and repair men distinguished themselves in meeting the disastrous raids. Soon after the June 12 bombings, water, telephone and electricity were functioning as usual in Chungking's main district. Commenting on an American protest of the Japanese bombings, Foreign Minister Wang Chung-hui said: "The havoc wrought by this continued method of warfare was beyond description; but the Japanese have only strengthened our determination to resist to the last."

JAPAN-U.S. PROTEST. Washington displeasure at the ruthless bombings of civilian populations was reaffirmed immediately following June 12. Secretary of State Cordell Hull, in a statement on the Japanese bombing of Chungking, said that the "people and the government of the United States wholeheartedly condemn such practices wherever and whenever they occur." The protest was presented to Tokyo by American Ambassador Joseph C. Grew on the ground that the Japanese raids had endangered American property. In reply, the Japanese Foreign Office issued a notification to the United States, Britain, France, Belgium, Russia and Germany, request-

(Continued on Page 14)

CHINESE INDUSTRIAL COOPERATIVES

Text of a broadcast over WJSV, Washington, D. C.

Saturday, May 25, 1940

by

Mrs. Paul V. McNutt, Chairman

The Hon. Gifford Pinchot, honorary chairman

Washington Committee for Chinese Industrial Cooperatives

ANNOUNCER For the next fifteen minutes WJSV brings you Mrs. Paul V. McNutt, speaking as chairman, and the Honorable Gifford Pinchot, speaking as honorary chairman of the newly organized Washington Committee for Chinese Industrial Cooperatives. Governor Pinchot.

Gov. PINCHOT Thank you. I shall be happy to tell you why the Chinese Industrial Cooperatives have interested me, but I believe that Mrs. McNutt should talk first. Mrs. McNutt became honorary chairman of the Philippine Association for Chinese Industrial Cooperatives a little over a year ago, and she is chairman of the Washington Committee. For this reason, and because of her long connection with the movement, I think she should open the discussion this morning.

Mrs. McNUTT It is true that I became interested in the Chinese Industrial Cooperatives while we were still in the Philippines. The movement itself is a young one; in August 1938 it was launched with practical backing by the Chinese government. By the end of November of that same year, the Chinese women in the Philippines had contributed \$140,000 in Chinese money to the Industrial Cooperatives. The idea had taken hold. It took hold of the Americans there, too, for we were happy to help people help themselves. That is what the Chinese Industrial Cooperatives are doing. They have been doing it so well that we were constantly challenged to make possible more cooperatives, to help more people.

There was one young Chinese lad in the Philippines who felt very much the same way. He had been saving for weeks and months, penny by penny, to get himself a bicycle. At last he had nearly enough money to buy it. Then he heard of suffering countrymen back in China, and felt he must do something for them right away. He had heard that people were hungry, so he took his hard-earned money and bought bread - loaves and loaves of it! Then he took the bread to the Chinese Women's Relief Organization and said, "Please mail these to China for the hungry people there." Loaves of fresh bread!

They went to China this way: the women took the bread and auctioned it in little pieces, calling it Patriotic Bread. People were glad to buy when they heard the story of the boy's gift. When the bread was gone, there was 115 times the original amount of money to send to the Chinese Industrial Cooperatives, and an idea to keep in the Philippines and use over and over again.

When I tell the story, someone always wants to know if the boy ever got a bicycle. I am happy to say that he did, for one of the first people to ask about it wrote a check and sent it to him. But the story doesn't end there. That same boy is renting his bicycle to eager friends, and every penny taken in is turned over to the Chinese Industrial Cooperatives.

In the cooperatives it is again put to uses which double or trebble its value. Governor Pinchot, will you explain how that is true?

Gov. PINCHOT Gladly. For more than two years the people of China have been resisting with magnificent courage an unprovoked aggression which aimed to destroy free China. It struck at the schools and colleges of the country, which were, for the most part, on or near the coast. These educational institutions, including Yale, in which I have long been interested, were hampered in their work, but they refused to be crippled. The tale of how universities and colleges moved hundreds of miles inland to continue their service is itself a thrilling one, but I will not take time to tell it now. It was superb.

The Japanese blow to Chinese industry seemed even more overwhelming. In the losses at Shanghai alone, seventy percent - seventy percent of all modern industry of China was put out of business. Such a disaster would be staggering in a country that had open trade routes for getting new machinery and raw materials. But in China the ports fell one by one to the enemy, and the Japanese began to flood the country with their own products, or products made in Shanghai at factories now under their control.

Only courage of the highest order could have resisted such a blow. China was not prepared for an economic defence on the same level as the economic attack. But her people refused to give up. Fortunately, perhaps, the bombing of her cities encouraged a "back to the village" movement. The people moving back needed goods which were hard to get. Most of the same people needed work, too.

The Chinese Industrial Cooperatives, in providing goods and work, have proved themselves vitally important industrial depots from which China is getting the finished products to help her continue her resistance. Many resources, hitherto neglected, are now being developed by the local cooperative units in the interior of free China.

Mrs. McNutt has already mentioned that the Chinese Industrial Cooperative movement began in August 1938. The plan was made by experts for the Executive Yuan of the Chinese Government, and had initial financial backing from the Executive Yuan as well as from the Generalissimo's headquarters, and Madame Chiang, whom all the free world loves, respects, and admires.

There are now five large cooperative areas, two north of the Yangtze River and three south. They make a great half-circle, sixteen hundred miles long, and include parts of ten provinces in free China. Between thirty and sixty million refugees have fled into this territory, and practically all of them are penniless. They have to be taken care of. If possible, they have to be made productive and valuable to China. And that is where the cooperatives come in.

Expert engineers and cooperative administrators are to set up thirty thousand industrial cooperatives in unoccupied territory. Many of these experts have had foreign training and long experience in large industrial cities of China. Today they are going into the towns and villages to examine resources and needs, to win the help of local officials, to hold meetings for needy workers.

After such a meeting, a family or a small group of workers may apply for a loan to begin a cooperative. The organizing committee will look into the application and then lend money as needed for tools, machines, raw materials, and working capital. Interest is at six to eight percent per annum. The accounts of the cooperatives are audited every three months, and the property of the group and its members is held liable in case of default. Loans have varied from five hundred to ten thousand Chinese dollars.

Dry figures, but this is what they mean. They mean that an entire co-operative may be established for as little as fifty dollars United States currency; they mean that a loan of only seven dollars is enough to rehabilitate a man - to lift him from a helpless refugee into a self-supporting productive human being. Do you know any other place in the whole world where as little money will do as much good? I don't. Moreover, repayments on personal and group loans have been encouragingly prompt, so the money is used over and over again.

The individual member must live in the area of the cooperative he wishes to join, he must be able to earn in the particular business of that cooperative, he must be honest and of good character, and must be free from habits of opium smoking, drug-taking, gambling and the like. His share is two dollars in Chinese money, and his first payment need be no greater than five cents!

By such nominal outlays and through such modest loans, thousands of refugees are finding a way to earn their own living, domestic Chinese industries are growing, industrial and economic resources are being developed, and China continues her magnificent resistance to a vast and conscienceless wrong.

Mrs. McNUTT Governor Pinchot, I find it thrilling to read a list of the kinds of cooperatives. There are more than sixty! Let me mention a few. They spin, they weave, they knit, they sew, they make shoes. They tan leather, build boats, make matches and candles. They wash gold from their streams, mine coal and iron, and make vegetable oil fuel, alcohol, and sulfuric acid. They work in pottery, make paper and print it, cook biscuits (which are always sold out before the day is over), and grow tobacco. They make glass, dry cells, soap; build furniture and looms, plait straw, and make tools and machines for other cooperatives. The list seems endless, but the needs are equally many, and the cooperatives are trying to meet them. They have orders for blankets, uniforms and other materials for the army - huge orders, but by cooperating they have been able to fill them. Some of the most important units have been the transport cooperatives. Their members may include rikisha pullers, owners of oxen carts, owners of sampans, and men and women with broad backs and sturdy legs who can carry loads for miles over plain and mountain.

The kinds of people in the cooperatives are as varied as the kinds of cooperatives. There are peasants who add to their small farming income. There are factory women who have fled the industrial cities and find new hope in the lighter hours and self-made rules of cooperative production. There are crippled soldiers who through cooperative production can change the service they give China rather than become dependent upon her. There are trained workers in all fields of industry; there are unskilled laborers.

The Chinese Industrial Cooperatives are using their trained people to find better ways of doing the things the people know - better ways of spinning thread, dipping candles, molding metal - better ways that are not difficult, better ways that are not costly. The Chinese Industrial Cooperatives are using trained people to organize new cooperatives. They are maintaining schools to train these leaders. It is a tremendous job the leaders have outlined, but thirty thousand cooperative units will not be too many for a warring China, or for the peaceful China towards which they are working.

If you should go into free China today, looking for these industrial units, you might have a hard time finding some of them. Enemy bombings have taught the people to build warily, to build machines and tools that are mobile. In the

courtyard of a humble house you might find a dozen spinning wheels; in a northern loess cave you might find a tannery; on a little country stream you might note a simple waterwheel cooperatively milling grain!

If you should talk to cooperators, you might be told thrilling tales of how machines were carried away from enemy-occupied territory. You might hear names - K. P. Liu, secretary-general for the organization; Rewi Alley, a New Zealander who is technical adviser; Madame Chiang, whose funds have made it possible for many refugees to go inland; H. H. Kung, another who had long dreamed of small cooperative industries in rural China... There is much you might hear, but to you, as to us, the best that you could hear would be the tone of faith as each independent worker spoke - the tone of faith and its overtone of hope for that worker's country. In a time when destruction is too common in many parts of the world, these people are creating. They are "pioneering into the past in order to build for the future."

Gov. PINCHOT The work is well begun, but only begun. There are still thousands of workers who have registered with the Chinese Industrial Cooperatives but who must wait for the necessary capital. In this emergency it must come from gifts - yet only seven dollars in American money are needed to put a man to work. These thousands of waiting workers will tell you they have "eaten bitterness", but they are not without hope. They are looking to the cooperatives as a means of livelihood and as a means of helping China. They understand - some of them dimly, but others well - what Madame Sun Yat Sen meant when she said, "The Chinese Industrial Cooperatives stand for human rehabilitation, economic progress, and democratic education." They do stand for these things, but that isn't all.

American interest in this challenging movement has been so great that Miss Ida Pruitt has come from China to organize headquarters in this country. In Washington we have just set up our Washington Committee for Chinese Industrial Cooperatives. It is because Mrs. McNutt and I believe profoundly in this movement that she and I have had the privilege of speaking to you this morning. Thank you.

ANNOUNCER You have just been hearing about Chinese Industrial Cooperatives from Mrs. Paul V. McNutt, chairman, and the Honorable Gifford Pinchot, honorary chairman of the Washington Committee. If you wish to have more information about this movement, send a card to the Washington Committee for Chinese Industrial Cooperatives, 945 Pennsylvania Avenue, Northwest, or call REpublic 1624.

Signature

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"THOU ART WEIGHTED IN THE BALANCE AND FOUND WANTING"

(Extract from editorial in the MIRROR, Smithtown Branch, L. I., June 20)

So long as we are permitting scrap iron and ammunition to be shipped to Italy and to Japan, let us quit mouthing our sympathies for those who are to find this iron in their vitals, and their eyes blown out that we in America, who profit by these things, may do business and make money.

In one ship we find Red Cross supplies, and in another we send scrap iron for war material, gun cotton, chemicals, and not to the Allies but to the enemies of civilization, as we understand it.

The Chinese have read their indictment of this long, long ago, and our papers, in common with many others have long ago made this known.

LETTER FROM MAJOR EVANS F. CARLSON

The Editor,
China Information Service.

I have read with interest an article which appeared in the issue of CHINA INFORMATION SERVICE for April 2, 1940, entitled LIFE IN OCCUPIED KIANGSU, and which was copied from the North China Daily News. The writer of the article purports to portray conditions in the occupied sections of Kiangsu province, but he neglects to provide us with the source of his information, an all important item for those who seek facts concerning present-day conditions in China. If he observed the conditions which he reports he either went into the rural districts of the province under the auspices of the Japanese, or their Chinese puppets, or he traveled with the guerrilla forces of the Chungking government. If the article was based on rumors and reports which filtered into Shanghai, then it must be regarded as a purely speculative piece of writing.

From my own experience in travelling with Chinese guerrilla forces in those regions which have been penetrated by Japanese military forces I can visualize the conditions which obtain in Kiangsu. In similar districts I found that the Chinese fell into three groups: 1) Those who had acquiesced in Japanese authority. This class was to be found for the most part in those regions which were actually occupied by the Japanese; 2) Those who were loyal to the Central Government, and who were striving to prevent the Japanese from establishing political control over the penetrated regions; and, 3) Those unscrupulous individuals who are to be found in every race and country, and who attempt to turn to their own advantage the disturbed conditions incident to war. This group can be described as bandits.

In this Guerrilla Phase of the war in China is endeavoring to prevent the Japanese from establishing political control of the penetrated regions, as well as to make it increasingly difficult for the Japanese to supply their military units which have advanced to the interior. The maintenance of Chinese authority in those regions behind and between the Japanese lines is difficult under the most favorable circumstances. It would be impossible if the Chinese officials did not invoke the loyalty and cooperation of the people; and the people would not cooperate if the Chinese administration did not offer them a way of life better than what they could expect under the Japanese. That is why the trend in China since the beginning of the present conflict has been in the direction of representative government, reduced taxation, lower interest rates and the adoption of the cooperative economic theory.

I found that the rank and file of the populace in Shansi, Hopei, Shantung, northern Kiangsu and Honan were rallying to the Chinese cause not only because of loyalty to race, family and country, but because the Chinese leaders who were mobilizing them for resistance were providing them with a political, social and economic way of life which was equitable, and which did not unreasonably infringe on their individual freedom. These same leaders were free of corruption and they shared the vicissitudes of the people.

Now, this is not to say that China has suddenly become a Utopia. This social, political and economic regeneration has not spread throughout the nation. The process is slow, for it requires for its success the conversion of leaders to the doctrine of selflessness. But this conversion has been given terrific impetus by the necessity for self-preservation imposed by the invasion.

There are still districts, mostly along the coast line, where these new doctrines which are sponsored by the Central Government have not penetrated. In such districts the local administration is conducted either by Japanese puppets, or by local citizens who have not been subjected to the doctrines of Free China. But to select those districts as representative of conditions in areas which are controlled by the Chungking government is to give an inaccurate picture of the situation which prevails today in the China, which is being developed and strengthened under the leadership of Chiang Kai-shek, and with the cooperation of men and women of all shades of political opinion.

Those of us who have travelled in the interior of China during the present conflict have observed repeated evidences of the cruelty and oppression of the Japanese militarists. We also know that the Chinese puppets who serve them are men and women whose objectives are crassly materialistic. I can visualize the abuses described in the article in question as having been perpetrated by either of these groups, or by bandits. I challenge, however, the allegation that they were practised by officials of the Chungking government, for such action would defeat the purposes of that government.

Evans F. Carlson.

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GENERAL O'RYAN VISITS JAPAN

Major-General John F. O'Ryan, commander of the 27th division of the AEF in World War I and an active interventionist in World War II, has gone to Japan on what has been described as an "economic mission".

The Japanese publicity on the trip implies that General O'Ryan is making the trip as an unbiased observer. However, a glance through the files of the State Department shows Gen. O'Ryan has registered there as an agent of the Japan Economic Federation at compensation of \$150,000 for a period of three months!

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JAPAN RUSHES TO BUY SCRAP HERE

Japanese munition interests are rushing to buy and ship a new order of 300,000 to 400,000 TONS of steel scrap in the United States before the U. S. Government wakes up to this stripping of its war resources.

The N. Y. Journal of Commerce reported that Japan was seeking some 130,000 tons of iron and steel scrap MONTHLY -- or double what has been regarded as her usual war needs -- and the next day reported that the order has been increased to 300,000 to 400,000 tons, representing the largest single shipment of scrap in the history of the munitions industry.

There is not this much scrap left on Atlantic Coast ports, it said, hence the orders are being filled on the Pacific Coast.

Some steel men estimated that when this order was completed, Japan would have on hand a greater reserve of steel and tin scrap than the United States itself. Steel men complain that Japanese purchases have increased scrap prices by 300 to 400 per cent -- which means that not only is the United States robbing itself of its own resources to arm Japan for a possible future attack on this country -- but is adding injury to insult by increasing the cost to the taxpayers of our own rearmament program.

CHINA'S FAMOUS THREE SISTERS VISIT INDUSTRIAL CO-OPS

By Lewis S. C. Smythe, Professor of Sociology
University of Nanking, Chentu.

The three Soong sisters, that is Madame Chiang Kai-shek and her two guests, Madame Sun Yat-sen and Madame H. H. Kung, honored the Chengtu office of Chinese Industrial Cooperatives with a visit on the afternoon of April 25. The CIC staff had arranged a unique reception for the three ladies who have been showing great interest in this new development of China's wartime economy. Two groups of girls and women facing each other in front of their spinning wheels started work with a whirr when the Three Sisters entered the compound. Madame Chiang in her American way exclaimed, "What is the big idea?" She had promised to come for a quiet reception and exhibit and was startled to see so many spinning women and a formal arrangement in the yard around the flagstaff. But she immediately entered into the spirit of the occasion and asked her sisters to speak to the training class for spinning women and to the representatives of the other cooperatives attending the reception. Madame Chiang herself also spoke briefly and in a short spirited address reminded the working women that "each turn of their wheel was a blow at the enemy." The usually placid faces of the women and other workers on such formal occasions lighted up with her enthusiasms. Some cooperative songs were sung which the distinguished visitors seemed to enjoy. Meanwhile David Griffin of Station WHO in Des Moines ground his movie camera from a balcony and Mr. C. M. McDonald, correspondent of London Times, took snapshots of the occasion.

The Three Sisters were then shown Chengtu CIC products. Madame Kung was pleasantly surprised to find that the seven-foot lathe was part of a complete set of machine shop equipment being made by the Chengtu machine co-op for the vocational training department of Oberlin-in-Shansi now refugeeing at Chintang near Chengtu. Dr. H. H. Kung, China's Finance Minister, in his private capacity has been a strong supporter of Oberlin-in-Shansi. Beautiful shades of cotton cloth took the eyes of the Sisters and they passed on to view simplified spinning wheels, army blankets, suits, uniforms, shirts, a centrifugal pump, accounting books, applique work, medicines, and other items on display. After the exhibit the Sisters enjoyed tea with members of the Chengtu Promotional Committee of CIC and other interested friends of the movement.

All three of the Soong Sisters have been interested in CIC. Madame Chiang and the Generalissimo have sponsored it from the beginning; Madame Sun Yat-sen has actively helped the Promotional Committee in Hongkong; and Madame Kung has provided funds for gold mining co-ops as well as taking an active interest in the movement her husband has started.

The Chengtu machine co-op was the first industrial co-op organized in Chengtu. It began with 8 machinists and received its first loan of Chinese \$17,500 in April a year ago. Then the members spent three months making their own machines, including four lathes, on borrowed equipment and erecting their own building. They made nearly all of the 5,000 new spinning wheels for the blanket program in Chengtu, 5 milling machines, 10 pickers, 10 cotton cards. They now have 22 members and have Chinese \$50,000 loan capital and \$4,350 share capital; most of the latter is profits turned back into the business. The Chinese CIC engineer who started this co-op was trained in Glasgow to make locomotives but was willing to help make spinning wheels. The present CIC engineer helping the co-op is a refugee from Manchuria. David Griffin made an excellent electrical recording of a program at the co-op while their new foundry hand-driven blast furnace was melting iron for casting parts of their new twelve-foot lathe.

Chengtu weaving co-ops to date have made 75,000 army blankets totalling Chinese \$922,000 while total production including everything for the first year of operation totals \$1,700,000. The total loans have only been \$400,000 of which \$153,000 has been returned.

When here recently Mr. Rewi Alley peripatetic promoter of the movement, complimented the Chengtu office on its contributions to the national movement through its cooperation with the University of Nanking in producing a new constitution for the industrial co-ops, based on principles similar to the Co-operative Productive Federal in England excepting that it does not include consumer members, educational materials, and experimentation on improved spinning machinery.

Such a picture is a partial answer to some of the criticisms in the article by Robert W. Barnett, "China's Industrial Cooperatives on Trial" in Far Eastern Survey for February 28, 1940. That article was a very sane discussion of the industrial cooperatives although based on fragmentary documentary materials. A few special cases taken from a report, which carefully stated the few cases on which it was based, were thrown into an entirely different light by the simple insertion of the word frequent." The case with a 250:1 ratio of loan to subscribed share capital was the Chengtu printing co-op which actually had given a lien on its good machinery to cover \$35,000 of the \$49,000 loan mentioned. And when its plant was burned down in December its members stuck together and accepted only their food for wages until the shop was back in production in a new location and a new building. Whereas production in January was only \$668, in March it had reached the highest figure since the organization of the co-op, \$12,986. A more adequate picture of the basis on which CIC is operating is that at the end of December, 1939, it had \$2,607,302 loans outstanding and the members had subscribed share capital of \$412,276 or a ratio of 6.3:1. (Incomplete returns on paid-up share capital show that about half of the subscribed capital has been paid up during the first year.) At that time there were 1,284 societies with 15,625 members or an average of 12 members per society. Expansion this year will be more in increasing membership of present societies than in starting new societies.

The other special case generalized by Barnett was the above-mentioned machine co-op. Its large number of non-member carpenters were working on a rush order for spinning wheels. Now their improvised sheds have been cleared away and the co-ops is operating with 22 members. Mr. Charles H. Riggs, Agricultural Engineer of the University of Nanking, says that with a similar shop in Nanking before the war he produced a small threshing machine for one-third what it would cost in the United States. That is one answer to the oft-repeated query, "Can small-scale co-ops compete after the war?" With a large part of its co-ops engaged in textiles, CIC is promoting experiments -- as rightly described by Barnett -- to produce in China improved spinning equipment. The English equipment being used as a model has reached Chungking and testing under Chinese conditions will start as soon as it can be installed in Chengtu.

In fairness to Barnett it should be said that the problem of trained personnel for training members is very acute and steps are being taken to start special institutions to meet this problem. Foreign aid in the form of educational funds or support of carefully selected foreign experts would be a great boost to the movement at present. Its own loan funds cannot be used for either educational work or for technical experimentation. Such educational aid will help to keep the movement what its leaders desire it to remain, a free, voluntary movement amongst the workers themselves. It is definitely planned to develop local and provincial federations, and later a national federation, which can take over the functions of the present semi-governmental promotional agency, the Chinese Industrial Cooperative Association.

DISABLED WAR VETERANS' PRODUCTIVES

By Dr. Yuse C. King (Sent by F. W. Price, Chengtu)

HOW ORIGINATED. Soon after the war began the Generalissimo was much concerned about the rehabilitation of the war wounded, and requested Marshal Ho Ying-chin, the Minister of War, to make plans for giving them some constructive and productive work and living. So Marshal Ho charged General Wang Chien-ch'iu, Associate Director of the Commissariat for the War Wounded, with the work of organizing the Bureau of the Disabled War Veterans' Productives. Thus on June 17, 1939, the Organizing Bureau of the Disabled War Veterans' Productives was established at Kiating with headquarters in Chungking.

The work at Kiating began with two departments: (1) the General Secretariat and (2) the Planning and Technical Department. General Whang succeeded in obtaining the services of Dr. Chen Mei-p'eng, a returned student from France trained in Agricultural Engineering and formerly Dean of the College of Agriculture of Honan University. Dr. Chen immediately secured a number of technical experts in different lines and soon got things started. In October 1939 the Organizing Bureau of the Disabled War Veterans' Productives was moved to Hsipah (about a mile from Wutung-chiao, which is across the Min River and about forty li from Kiating).

TWOFOLD AIM. (1) Care of the War wounded, training, educating, and providing them and their families with various kinds of productive work so that they may become happy and useful citizens. (2) Education, cultural development, and ultimate enfranchisement of such border tribes as the Lolos.

TOTAL NUMBER OF WOUNDED. Since the beginning of hostilities (not including those in North China) the Northwest and the 8th Route Army areas, and the Kwangtung and other South China and Eastern areas, conservatively estimated to approximate considerably over 800,000 men.

Severely wounded and unfit for work. about.....	100,000
Returned to the front "	200,000
Returned and gone back home "	200,000
Still under treatment in hospitals "	150,000
At the central Commissariat for the war wounded, awaiting inspection and assignment to Disabled War Veterans Productives..	150,000
Total.....	800,000

A THREE-YEAR PLAN. Adopted by the Ministry of War in October, 1939, General plan:

- I. Land reclamation and agricultural development, including agricultural and forestry, horticulture, stock farming, animal husbandry.
 - II. Mining, Placer gold mines, coal and iron, copper, lead, and sundry minerals.
 - III. Small industries. Various mills and factories, and handicrafts.
- Note: These undertakings involve problems of (1) supplies and raw materials and equipment; (2) disposal of finished products; (3) transportation and trade facilities. They will necessitate also the establishment of banks, cooperatives, hospitals and public health institutions. Educational undertakings; womens and children's education (for non-veterans and local inhabitants). This last will at first necessitate establishment of primary and similar schools; and ultimately a technical school or college may be required.

The present Organizing Bureau will function until June 30, 1940 when it will officially become the full fledged Disabled War Veterans' Productives, undergoing

enlargement of activities and increase of budget.

(A) THE THREE-YEAR PLAN is to provide for 150,000 men during 1940-1942, 30,000 of which are to be distributed in 1940 and the remaining 130,000 to be distributed in 1941-1942.

Of the 1940 lot, there are already on the field over 3,000 men with more than 200 families (including some 700 persons, children and others), now distributed as follows:

At the placer mines, under training and preparation	1,200
Under training for lower grade administrative officers and leaders, in various undertakings.....	460
Same for placer mines.....	360
In sundry services.....	150
In mills and factories.....	100
Officers and sundry corps.....	300
Enroute still.....	300
Under training for defense service.....	200
Total.....	3,070
Total men.....	3,070
Other persons (families.....	700
Defense corps (loaned by the office of the Pacification Commissioner) Staff members.....	150
Staff members.....	150
Total.....	4,070

(B) MILLS AND FACTORIES ALREADY ESTABLISHED

1. Dying plant and weaving mill

Cotton sheeting (already produced) Woolen blankets
(under production) Bandages, gauze, and absorbent
cotton (to be produced)

Initial working capital..... 120,000
Full appropriation..... 360,000

2. Paper mill

Ordinary newspaper and wrapping paper (already being
produced from bamboo pulp) 100,000 young poplar trees,
200,000 poplar saplings (already planted at ChuKuoTan
across the river from Wutungchiaio

Initial working capital..... \$20,000
Full appropriation 200,000

3. Ink factory (moved from Chungking)

Excellent quality already produced

Initial working capital..... \$15,000

4. Chemical factory (just started)

Medical and industrial supplies
Soda factory

Initial working capital..... \$60,000
Full appropriation..... 400,000

5. Stock farm and agricultural food products factory

Soya and pickle factory (already producing and selling)

Initial working capital \$10,000

6. Paint and varnish factory
Varnish (already being produced)
Paints (awaiting some basic materials)
Initial working capital..... \$80,00
7. Iron foundry and machine shop (for own and outside needs)
Repair shop
Manufacture of supplies and implements
Initial working capital..... \$100,000
Full appropriation 360,000
8. Salt works (purchased and under operation) 6 mills
Initial appropriation..... \$20,000
Full appropriation..... 100,000
9. Placer gold mines
20 centers started with 1,200 Disabled War Veterans along Tungho River, around Loshan, Omei, and O'bein districts, at Tanpah, Wutusi, Shangsanwan, Baiyuense, Siaonanti, etc., etc.
10. Agriculture, horticulture, and animal husbandry improvement station
Sheep and goats (few French Marino rams already on hand)
Cattle (improved breeds to be bought)
Initial appropriation..... \$12,000
(non-profit producing for the time being)
11. Chemical laboratory
Initial appropriation..... \$20,000
Full appropriation..... 100,000
(non-profit producing for the time being)
12. Land reclamation and agricultural development
Cooperative model farm villages, with threefold aim
(1) control of produce
(2) defense and safety (militia)
(3) education and cultural development of local inhabitants and border tribes.
Cooperative model villages to be established every 10 li
Section I.
1. Sipah - Fuluchen - 60 li 6 villages
2. Fuluchen - Wutusi - 60 li 6 villages
3. Wutusi - O'bien 280 li 28 villages
4. Lok'ang Highway 30-40 villages
 (Loshan - Sikang)
Section II.
Ch'ingsuisi - Yenfeng (Lolo district) 30 villages
Initial capital alone of gigantic amount; this and full appropriation still under consideration.

(C) PRESENT CONDITIONS.

1. Feeling of the Disabled War Veterans favorable (willing and hopeful).
2. Feeling of the local inhabitants friendly and sympathetic.
3. Feeling of the Lolos very friendly. In December of last year they sent some 30 odd representatives and presented a flag of welcome to the Disabled War Veterans.

(D) GENERAL CONCLUDING REMARKS

1. A booklet will be published in May and a ten-day publication will be issued soon.
2. The three year plan is in booklet form and will be translated into English very soon. (Even if excerpts only.)
3. The women of the Disabled War Veterans' families are now undergoing training and soon will be put to work on weaving, spinning embroidery, knitting, canning, and such things.
4. Various other small industries will be started one after another, such as making soap and toilet articles, canning factories, tanneries, candy factories, etc. But in most of these projects local and native materials will be utilized as far as possible.
5. In the future all help toward these projects will be productive and constructive. There is need of cooperation to make the aims and projects known. To put them on a fairly well organized and actually productive basis, it will be necessary to appropriate at least \$20,000,000.

ing removal of their citizens in Chungking to places of safety on the south bank of the Yangtze to avoid risks of bombing. It was intimated that Tokyo would not accept responsibility for damage inflicted as a result of any disregard of this warning. When Ambassador Grew had rejected the request the warning was repeated a few days later by Foreign Minister Arita, who said that the Japanese bombing of Chungking "cannot but be continued." The United States condemnation came at a time when Tokyo was hoping for a new Japanese-American commercial treaty, and when certain quarters in this country were also advocating understanding with Japan so as to be free to face European dangers. Although the State Department made no move in this direction a sign of Japan's warming up to the Americas was seen in a conference of Japanese diplomatic representatives held in Washington, beginning June 18. The conference is to discuss the "improvement of trade" between Japan and the Western Hemisphere countries. Meanwhile, an "economic mission" sponsored by Japanese and American business interests "to gather facts on stabilizing trade" sailed from San Francisco for a tour of Japan, China and "Manchukuo," headed by Major General John F. O'Ryan. According to the New York Journal of Commerce and the Wall Street Journal, "the Japanese iron and steel trade plans to double its imports of iron and steel scrap from the United States" and is currently seeking "300,000 to 400,000 tons of steel scrap here...for prompt shipment.

JAPAN-FRANCE: INDO-CHINA YIELDS TO JAPAN'S DEMAND. With France fighting for its very national existence and facing dismemberment of its very vast colonial empire, Japan began to put a strong bid for French Indo-China. Besides Indo-China, Japan is interested in the French Pacific islands, including New Caledonia, Tahiti and the Marquesas. Hitler was moreover believed to have assured Japan that he would not demand return of the former German South Sea islands mandated to Japan. While the Tokyo government seemed at least to hope for German disinterestedness in the "status quo" of Indo-China, the Japanese nationalist extremists demanded outright seizure of the French possession, reviving as excuse the charge that the Chinese Government continues to get most of its munition shipments by way of Indo-China. On June 20 Japan announced that France has agreed to Japan's demands permitting Japan's inspectors to be stationed in Indo-China to investigate conditions on the spot and to prevent the transportation of "an extremely wide range" of materials and goods to the Chinese National Government. To enforce this agreement, Japanese warships were dispatched to Haiphong, French Indo-China port, and Japanese troops were sent to the Indo-China border from the Japanese occupied areas in Kwangsi. It was reported that Japan might attempt to declare "protectorate" over French as well as Netherlands territories in the Orient. China, through her Foreign Minister, has strongly protested against the closing of the Indo-China roads on June 21 and 25. He declared that in face of Japanese invasion of French colonies, China would be forced to take such measures as would uphold her resistance and independence.

HONG KONG VIRTUALLY BLOCADED. After this diplomatic success in French Indo-China, Japan is now bringing pressure on the British to attain similar concessions from the British authorities with respect to the Burma-Yunnan highway. Japan has already set up a land blockade at Hong Kong. Six Japanese military units landed in the area adjoining the British leased territory of Kowloon in the mainland, north of Hong Kong. At the same time, the Japanese were reported to have occupied Mirs Bay, thus completing the encirclement of Hong Kong. For "precaution" the British have blown up several bridges along the border and have reinforced their troops in the colony; archives were transferred to Singapore, according to one report; and British women were warned of the danger. Transport facilities between the mainland and the island are now cut off, and the shipments of goods to the inland have completely stopped.

JAPAN-BRITAIN: SETTLEMENT. While facing total war with Germany, Great Britain achieved a measure of appeasement in China in the settlement of the Tientsin issue with Japan. The year-long dispute was officially closed by the signing of an agreement, June 19, by Foreign Minister Arita and British Ambassador Craigie. As a result, the British promised to cooperate in the suppression of terrorist activities prejudicial to the security of the Japanese forces; the Japanese were expected to lift the military blockade of the British and French concessions and arrangements made for the respect of Japanese-sponsored currency and for joint custody of Chinese Government silver deposit (totalling U. S. \$12,000,000) in the local British banks, one-tenth of which to be used for famine relief in North China. The Chinese Government, however, stated that the arrangement made by the British and Japanese for sealing the silver did not alter its status as property of the Bank of Communications and as part of the reserve of China's currency.

OTHER IMPORTANT NEWS. There were two more news items that attracted the attention of the world concerning the Far East. First was the shift of the United States fleet from Hawaii to an undisclosed destination. The report that the fleet has moved eastward to Panama Canal was not confirmed nor denied in Washington. Second was the arrival of Mr. T. V. Soong, brother-in-law of Generalissimo Chiang Kai-shek, Chairman of the Board of Directors of the Bank of China, at New York on June 27 by plane. He told reporters that his business was mostly private but "semi-official."

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On July 25th the President placed export controls over scrap metal and petroleum. Please write to the President commending this action and urging that licenses for export of these metals to Japan be hereafter denied. Request also that greatly increased financial aid be given China without delay. Support such policy in your local newspapers.

ALCOHOL USED AS SUBSTITUTE FOR GASOLINE

China is solving her transportation difficulties today and her gasoline shortage by the use of alcohol. Alcohol on China's southwestern highways is used as a synthetic gasoline for motor vehicles. A large portion of the nation's trucks, buses and cars are running on alcohol or a gasoline-alcohol mixture. The air force and army, however, is using pure gasoline. To meet the shortage of liquid fuel the Chinese government has in recent years encouraged the use of alcohol or charcoal driven vehicles. As far back as 1937 the government ordered that all motor vehicles, except those in military service, must use gasoline-alcohol mixture. Meeting the rising demand on alcohol a number of government and private alcohol plants now dot the nation. There are at present sixteen such plants with a total investment of twenty million dollars. More plants are now under construction. Test runs made by cars using alcohol indicate that the synthetic gasoline performs satisfactorily.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING. SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

JAPANESE SPONSORED ASIANISM VERSUS
THE MONROE DOCTRINE

Generalissimo Chiang Kai-shek

The implications of Japanese sponsored Asianism were fully dealt with and contrasted with the American Monroe Doctrine by Generalissimo Chiang Kai-shek in a closing address before the Seventh Plenary Session of the Kuomintang, which was held from July 1 to July 8. The following is a translation of the Generalissimo's speech, which was made public on July 12, 1940.

"Since the time of the Mukden outrage, the tag 'Asia for Asiatics' has constantly been on Japanese lips, and even the phrase 'Asiatic Monroe Doctrine' appeared in Japanese propaganda publications. The motive for the use of these expressions has been simply and solely antagonism to European and American influence which is conceived as an obstacle to Japanese aggression in China and elsewhere in Asia. It is particularly the United States of America with her policy of non-recognition and rigid observance of the Nine Power Treaty that coiners of these slogans have in mind. If the American Continent has its Monroe Doctrine, why should not Asia have the like with Japan as its proponents? - the Japanese suggest.

"Lately, following the abrupt transformations of the European scene, the Japanese have been bringing great pressure to bear upon the Dutch East Indies, Indo-China and other areas in the South Seas. On June twenty-ninth Arita made a broadcast address wherein he spoke in terms of a sort of Japanese proprietorship over Eastern Asia. With reference to China and the South Seas he held that Japan must regard these areas as 'subject to regional division for co-existence'. He claimed for Japan the title 'stabilizing force in East Asia'. He added that he was expressing a conception already current in Europe and America.

"Arita showed himself utterly oblivious of the peculiar circumstances of time and place under which the original Monroe Doctrine came into being. The American Monroe Doctrine was the product of a specific period a hundred years ago. The United States possessed the necessary qualifications for assuming leadership over other nations on the American Continent, being prepared to treat them on terms of equality and to cultivate with them relations of peace and mutual assistance. The Doctrine proved lastingly practicable on this account, and because it was a vital need of the various free independent states concerned as a means of cooperative defence and reliance upon one another. It was no product of armed force and aggression. In modern times at all events, permanent establishment of world peace requires conceptions extending beyond arrangements of local and partial nature, and their replacement by a broader idea of organization for collective security among all nations.

"With respect to Asia, if any country as a stabilizing force in Asiatic affairs were to be sought only, China with her predominating ancient civilization, with her great population and area with her historically close relations with other countries of Asia would be a fitting candidate for that position. She would proceed on the basis of her traditional conceptions and the Three Peoples Principles to work together with all other nations in the interest of general progress, in any way that is conducive to the peace of Asia and the world.

"Japan is today a nation wholly given up to designs of aggression and devoid of good faith and all principles of conduct. She became long ago an object of dis-

gust and contempt for the nations of Asia. In any discussion of the terms 'Asiatic Autonomy' or 'Asiatic Monroe Doctrine' it must be realized Asia is to be distinguished from other continents for its own peculiar characteristic culture. It has too its complex and intimate geographical relations with other countries of the world. To the north there is Soviet Russia stretching over both European and Asiatic continents; in the Pacific and Indian Oceans, relations between various areas render Asia connected not only with Europe but with Eastern and Western Hemispheres alike. All these are factors which Japan takes no account in claiming to be the arbiter of Asiatic affairs.

"Following Arita's broadcast came a statement made by President Roosevelt's Secretary on July sixth to the effect that the American Government would like to see a Monroe Doctrine applied for each continent and each part of the world. This is taken by shortsighted Japanese as a response to Arita's utterance. The actual meaning is to be found in Mr. Early's words: 'There should be application of Monroe Doctrine in Europe and Asia similar to its interpretation and application for this hemisphere'. A careful study of the statement as a whole reveals its center of interest to be rather in the settlement of the European conflict and in problems arising in connection with the status of the defeated nations' possessions on the American continent. So far as Asia was referred to Mr. Early clearly voiced opposition to Japanese armed oppression of other nations and all manifestations of Japanese aggression. As regards French Indo-China, a clear appeal was made by him for its status to be greeed upon by conference of all Asiatic countries. So far from recognizing Japanese right to control Indo-China, American attitude is plainly one of absolute opposition to Japan's unilateral application of force to work her will there.

"America is the promoter of the Nine Power Treaty; her respect for other nations' independence and her belief in the Open Door Policy are her chief reasons for opposition to Japan's armed aggression and monopolistic ambitions. America's recent measures of armaments expansion and increased military expenditure form a guarantee of her security and give weight to her words in affairs both of the West and the Ast. Historically America may be more intimately bound up with European affairs than with Asiatics; in point of the present and the future, however, the United States is obliged to view Asia with more concern than Europe".

The Generalissimo reminded the Session that international sympathy could best and chiefly be attracted to our cause only by the energy we ourselves show in it. Dependence on others would but disqualify China for their assistance. At present the Japanese are in a state of diplomatic bankruptcy; no nation any longer paid much regard to their brandishments or threats. They are entering a state of collapse; their attempt of extending activities in Indo-China and the South Seas only showed gross overestimation of themselves on their part.

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THIRD ANNIVERSARY OF THE WAR RESISTANCE AGAINST
JAPANESE AGGRESSION: July 7, 1940

By
Mayling Soong Chiang
(Madame Chiang Kai-shek)

Three years ago to-day the entire Chinese nation took up arms to resist Japanese aggression so that as a free and independent nation we might survive. History will record that date as one of the significant mile-stones marking the sad faltering of world justice, and affording tragic evidence of the mental myopia of

so-called statesmen who could not envisage the fact that upon the fate of China hung the balance of world civilization.

To us Chinese people, however, that date was the dawn of a new and glorious era. On that day with unflinching courage and resolute determination we, a militarily weak nation, dared to defy the military might of a first-class Power credited with being invincible. Through a baptism of blood and fire such as never had befallen any other nation, we have regained our manhood; we have compelled the respect of the world, and, what is more important, we have regained our own self-respect, which, for centuries, under the domination of an alien rule, we had forfeited.

At last we have overthrown the century-old yoke of inertia and apathy. In its place we have developed conscious and nation-wide patriotism and abiding pride in our ability to stand up for our rights, for self-determination and for race survival. Nor should it ever be forgotten that for three long years China has borne the initial brunt of the forces "disrupting and destroying civilization--and that single-handed."

Puppetism, slavery and abjectness have been swept overboard by sheer physical stamina, and stoicism, and dogged tenacity of purpose.

What our nation has borne in suffering and epic. Even today as I write this, the detonations of tons of explosives released from the enemy bombing planes resounds far and wide. Around me thick columns of smoke, angry tongues of flame, the crackling of burning houses, the thud of crumbling walls, the booming of anti-aircraft guns and the incessant sputter of machine-guns are the sounds and signs of how toll is being taken of our man-power and our national wealth.

But what matter it? To-day, tomorrow, you or I might become a victim of Japanese murderers. What of it? Death has been the price paid by hundreds of thousands at the front and of millions of our civilian population all over the country.

Before liberty is won, hundreds of thousands more will be similarly sacrificed so that we who are alive may carry on to victory and freedom. What does matter is that we who are saved by the death of others should live and die for China. We should work incessantly for China's triumphal emergence as a nation--a nation strong in its faith in the progressive possibilities of mankind; strong in its resolute determination to uphold the humane principles of international justice, and strong in its ability to pave the way for true world enlightenment--

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CHINESE INDUSTRIAL CO-OPERATIVES SECOND ANNUAL CONFERENCE

Interesting figure at the Chinese Industrial Co-operatives' Second Annual Conference now meeting in Chungking, is "J. J.", whose charges are 2,000 crippled soldiers now either in co-operatives or undergoing co-operative training. J. J. is gray-haired but wiry and tough as a cow-boy. At sixty he has the same appetite and the same love of outdoor living that he had at sixteen; a hundred li march and five meals a day is still his idea of a good day, and perhaps it is partly this full joy which he takes in the things of nature and the zest he gets out of his own life, that makes him want to help cripples.

"Often it is just a psychological readjustment that is needed to transform a crippled soldier's whole life," says J. J. "In Shanghai I worked on many a man who

wanted only to kill himself when he regained consciousness to find a leg was missing; but after some weeks he would once more be anxious to become a useful member of society, and ready to make the best of things with an artificial limb."

Together with a foreign doctor and some schoolmates of similar ideals, J. J. worked for over a year at putting Shanghai crippled soldiers back into bodily and mental shape, and was responsible for returning nearly 500 men to society and shipping them safely inland. Later on, when the immediate efforts of the Shanghai fighting were over, his experience as a cripple educator made him the obvious choice for CIC, and he followed his old charges to their new homes in free China. J.J. will not soon forget the welcome he received from these men when he arrived at their centre in Kiangsi, or his own pride and sense of achievement when he found that many of them were now supporting themselves in co-ops, and had married wives who were also co-op members. Later on Rewi Alley, who had been a regular visitor to the crippled soldiers' home in Shanghai and was now an adviser to CIC, was rumoured to be coming to the place, and the cripple co-operators sent out pickets daily to every possible place of entry, to waylay him and escort him to the camp.

In this place CIC now has 14 co-ops, with 483 cripple members, a capital of \$30,000 and an output of cigarettes, soap, printing copy, leather, stockings, hospital supplies, clothes, alcohol, gold, shoes, and repaired bicycles, worth \$30,000 monthly. At the time of writing a large class is being conducted at the camp here in co-op practice and theory, another class in co-op book-keeping has just been completed, and new co-ops have been organized for about 1,000 members and \$80,000 capital, in canning, glass making, wolfram mining and gold washing. At another depot in the Southeast Region are six cripples' co-ops functioning, whereas in the Northwest Region there are four, with about 150 members, and in the Southwest there are nearly 100 co-op cripples making sulphur, shoes, stockings and clothes.

The first co-op for crippled soldiers started work in Kiangsi on January 22, 1939, with a capital of \$3,300 and 23 members. These were trained by three skilled cripples known as "The Three Musketeers," who were old friends of J.J.'s in Shanghai days. Though the first co-op's first batch of soap cakes had to be put back into the pot and re-boiled, by the end of the year they had the technique off pat, and a net profit of \$698.32 in hand. Meanwhile the "Three Musketeers" had joined the CIC staff, and were doing well as trainers and organizers.

Crippled soldier cigarette co-ops also got off to a bad start. Lack of proper salesmanship left the co-op with a big stock on hand, some of which went mouldy, the technicians were no good, and the Chairman turned out to be dishonest. But the members were determined to make a success of it, and at the end of the first year one co-op had made a net profit of \$2,468.69, while brightly colored (co-op printed) advertisements of the "Cripple Brand" and the "Aero Brand" were well known over the whole district, with consequent favorable effect on sales of all the co-ops. Another crippled soldier co-op in the Southeast supplies most of the bandage and medicated cotton used in a S.Kiangsi base hospital; this co-op has 44 members and \$3,500 capital; in 1939 it made a net profit of \$1,031.38.

In early 1940, the Chinese Red Cross invited J.J. to Kweiyang, to work with the disabled soldiers there and train them for industrial co-operative employment. This is to be a trial project, and J.J. hopes that as soon as he has shown his theories on crippled soldiers to be practical as well as idealistic, they will be adopted on a nation-wide scale. Already there are four co-op groups working in Kweiyang. One of the crippled men who had insisted on coming with J.J. to Kweiyang

even at the sacrifice of his pension (which could only be paid in Kiangsi) is now a transport man for the Red X, and has covered himself with glory by finding new routes for medical supplies, and bringing stuff along them without losses.

Thousands of miles north, in a loess cave, lives co-operative secretary Lieutenant T__, of Chi Hsing-wen's famous 37th Division. Lt. T__ was wounded in seven places at Lukouchiao on July 8, 1937 (the second day of the war). Making his way painfully from hospital to hospital along the Pinghan and Lunghai railways, he arrived a year later in Paoki. With him was his friend, An Ping-yeng, also wounded. Inactivity riled these two men, and An especially was of an inventive turn of mind. For six months they carried out experiments at their own expense in soap making from local raw materials, and on Feb. 1st, 1940, work began as a co-operative making soap, note paper, brass wash basins, and seals. Daily output now is 6 boxes of soap worth \$36 each, a dozen wash basins engraved with "Work Together" and "Victory Co-op Product" and an indefinite amount of seals and paper. Loan capital is \$3,000, paid up share capital \$150.

As he watched the cakes of soap sliding into the stamping machine blank and wet, and sliding out again shapely and stamped with the inscription "Victory Soap," a visitor unconsciously summed up J.J.'s ideal for cripple soldier co-ops all over the country. "The victory in question is not only that of China over her enemy" he said, thoughtfully, "but of a whole mind over a broken body, of human endeavor over inhuman destruction."

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A JOURNEY IN SZECHUAN

Excerpts from "China Air Mail"

A few years ago the journey between Chungking and Chengtu had to be made by sedan chair and took ten full days. Today one has the choice between the eighty minutes' air service connecting these two centers of Szechuan province and the excellent motor road 275 miles long on which a good car can travel comfortably at an average speed of thirty miles per hour.

A leisurely motor trip along this road, with occasional stops at hamlets and market towns, gives a good impression of Szechuan's productive wealth upon which the present war effort of China is mainly based, and illustrates the general progress made in what was until recently one of the most backward provinces of China.

TRAFFIC ON THE CHUNGKING-CHENG TU ROAD

Coolie carriers still predominate on the road. Their number is so great and the movement of this ant-like stream of heavily burdened men is so persistent, whatever the weather, that this most primitive form of transportation seems to take on the quality of a closely co-ordinated national enterprise. The authorities are indeed encouraging a continuous increase in coolie transportation in order to further the manifold projects for the expansion of production and for the improvement of distribution over wide regions which are thereby being forged into an economic entity.

The coolie carriers walk more than twenty miles a day on the average, with a load of up to 80 lbs. The total quantity of goods thus moved is most impressively shown at the rest houses along the road where the coolies stay overnight. Coolies hired by Government and large private organizations receive a daily wage of Ch\$1 to Ch\$2 (i.e. 4 to 8d., or US\$0.05 to 0.10) so that the transport by coolie of one ton of goods over a distance of one-hundred miles costs between £2 and £4 (or US\$6.50 and

US\$13.00). This cost is high by Chinese standards. In actual fact, however, the average cost of coolie transport seems to be considerably less since a large number of the men are also carrying goods on their own account or for small local merchants, for a mere subsistence wage of no more than Ch\$0.50 per day.

The sedan chairs, too, are still numerous on the road and are engaged in carrying officials, merchants, military men, and often commodities. There is also much rickshaw traffic, not only around the market towns, but also overland. Many of the rickshaws are loaded high with goods of all kinds which in this way can be transported somewhat more economically than by coolie.

The wooden "pull-carts" with second-hand motor-car types, are probably the most characteristic feature of the traffic on this road. These carts with four to six coolies can move half a ton of goods, mainly gasoline, raw cotton, yarn and cloth, coal, wheat, rice and other staple commodities, and can cover at least twenty miles a day. The average coolie employed in this way is able to move a load at least two or three times greater than that of the carrier who balances his freight on a bamboo pole over his shoulder. Horse and mule traffic is rarely seen in this part of Szechuan.

Trucks, buses and passenger cars are not yet as frequent on this modern highway as on most country roads in Europe or America, but on the average one motor vehicle is passed at least in every mile. Every motor vehicle is loaded to capacity with freight and passengers. The few breakdowns which are seen during three days of travelling along the highway and some important branch roads is a reflection of the care which the steadily improving and expanding army of Chinese drivers and mechanics is giving to their motor vehicles. Gasoline and repair stations are adequate in number and every car which has the necessary official permit to purchase fuel can obtain as much as it requires in the main market towns. All the gasoline in Szechuan is of American or British origin and at the present price of Ch\$15 (about 5s. or US\$0.80) per gallon, is not dear considering the tremendous distances the gasoline has to be hauled to Szechuan.

The gasoline permits of each car are carefully examined at short intervals, in order to check any waste of fuel: even bus tickets do not seem to be issued unless it can be shown that the journey is of real importance.

On the one big river which cuts the road there is an efficient ferry boat service for motor vehicles, provided by the Government free of charge. It is also noteworthy that there is not a single stretch of bad road on the entire highway which would compel a car to slow down. Repair gangs are constantly at work at many places improving the surface.

The two big centers of Szechuan are to be connected by a railway which will tap one of the wealthiest and most populous areas of China. Scores of miles of finished or half-finished railway embankments and deep, long cuts in the hillsides can be seen from the highway and at least a dozen small and big stone bridges and viaducts have already been constructed. These stand strangely isolated in river beds and await the time when the track can be carried over. Tunnels have been cut through the hills and construction work is continuing although there is little hope of obtaining rails and timber and rolling stock before the Yangtze is re-opened.

TRANSPORTATION IN THE NORTHWEST

Lanchow is one of the most important transportation centers in China today. Traffic is by air, motor trucks, camels, mules and carrying coolies. From Lanchow

one can fly to Hongkong in the south and to Moscow in the northwest. In a motor car, one can drive from Lanchow to the terminus of the Turkestan-Siberian Railway and to practically all the provinces of China.

The section of the "International Highway" from Lanchow to the provincial border of Kansu and Sinkiang is well surfaced over all its length of 785 miles. The continuation of the motor road from that point to the Russian border, over a somewhat greater distance is said to be equally good.

From Lanchow to the east there are now two main highways. The first is that to Sian, the capital of Shensi province. This is the old road of about 435 miles which has recently been surfaced and generally improved so that the travelling time required by motor trucks and buses has been reduced from six to four days. The second road is to Hanchung and the nearby provincial border of Shensi and Szechuan. This road has only recently been opened after the completion of new sections and the improvement of old stretches. It is about 550 miles long and so well-kept that it would be considered a good motor road anywhere in the Western World.

Work is at present being pushed forward on the new highway which is to provide a direct connection from Lanchow across the mountains to Chengtu. 240 miles of this road have already been completed on the Kansu side and work is being speeded up at the Szechuan end. The new 460 mile long road will almost halve the journey between Lanchow and Chengtu. It is hoped that the road will be finished by the end of this year.

Another important road leads from Lanchow to Sining, the capital of the mountainous province of Chinghai (7,500 feet above sea level). This road was built several years ago and has recently been surfaced and straightened by shortcuts, so that the journey has been reduced from two days to one. (a few years ago it took six days to reach Sining from Lanchow). When the road to Ningshia, the capital of Ning-shia province, has been surfaced in the near future, it will become possible to open a regular bus and motor track traffic to the north.

The vast Northwestern highway system to which an increasing number of feeding roads is gradually being added, has a considerable motorized traffic. In addition to 2,000 motor trucks and buses already in operation, several hundred new trucks have recently arrived and will soon be put on the road. Most of the trucks are Russian-made and although somewhat heavier than American trucks, are well suited to conditions in the Northwest. The Chinese transport authorities who have experience of different types of foreign trucks, are well satisfied with the Russian vehicles.

Facilities for repair have been fully developed in a modern network of repair stations based on the big workshops near Lanchow.

Almost all the trucks and buses are run by the North-Western Highway Transportation Commission, a Government organization which enforces military discipline among its well-trained, uniformed drivers, workers and road repair gangs.

The freight and bus rates are comparatively low, a ticket from Lanchow to Sian (about 435 miles) costing only Ch\$31.50 (10s.6d. or US\$10). The average net freight carried by motor trucks is between three and five tons on long-distance journeys.

SUMMARY OF CHINA NEWS

IS IT REALLY AN EMBARGO? Biggest news of the last fortnight to American friends of China was the July 25th action of President Roosevelt to extend the May Defense Expediting Act which, it was thought, would definitely put the skids under America's support of Japan's aggression. This was followed on August 1 by an embargo upon the shipping of American aviation gasoline to any country outside of the western hemisphere.

These two acts seemed a hopeful step, to those who had felt that American sale of war supplies to Japan was in opposition to American treaty obligations and to American belief in democracy.

It was followed, however, with small items of news which began appearing in the back pages of the papers stating that Japan was rushing her orders for scrap iron through before the licensing prohibitions went into effect. A large shipment of 1,400 tons of scrap left Los Angeles on the day the extension was signed by the President.

On August 2, the New York Herald Tribune reported that only No. 1 heavy melting steel scrap was to be made subject to licensing under the provisions of the act. The lighter but just as useful No. 2 grade may still be shipped abroad, this report stated. Independent manufacturers of iron and steel were reported to be petitioning the Administration to include all grades of scrap in the restrictions for export, claiming "present stocks of scrap in the United States to be equal to only about six weeks' consumption requirements."

Whether these war materials continue to be sold to Japan, with the licensing clause held out only as a threat, or are actually stopped from going to Japan, is a question on which many Americans are demanding an explanation and an answer.

BURMA ROAD. Prime Minister Winston Churchill announced on July 18 that the "government of Burma has agreed to suspend for a period of three months the transit to China of arms and ammunition as well as the following articles: petrol, lorries and railway material. The categories of goods prohibited in Burma will be prohibited in Hong Kong."

The announcement came as a shock to China, a victory to Japan. It meant the virtual closing of one of China's main supply routes, was protested violently in the House of Commons, was variously called "illegal," "an appeasement gesture," and a "sellout."

British tried to excuse themselves on the grounds that during the next three months which is the rainy season, not much could go over the road anyhow. This was denied by people who had been over the road. It was considered a weak excuse in the face of the principle which the road's closing represented.

DEATH OF JAMES COX. Following Britain's effort to placate Japan on the Burma road closure by less than two weeks, was the summary arrest of 11 British businessmen in Japan and the alleged suicide of James M. Cox, chief of the British news service, Reuters, while he was under question at Japanese police headquarters. The Japanese official report of Mr. Cox's death was the only report sent out. This report stated that Mr. Cox threw himself from a window at Tokyo police headquarters while he was being questioned. His arrest and that of the other British business

men in Japan was said to have been because of a British "espionage network" in Japan.

Doubt upon the theory in connection with Mr. Cox's death has been consistently suggested in American press reports from Shanghai. Britain has demanded a full explanation, and has succeeded in gaining the release of three of the other Britons arrested. The British spy scare has become headline news in Japan, and is being used to stir up anti-British feeling. Meanwhile, eight Japanese in England have been arrested by British authorities, although this is not a "retaliatory" act, according to a statement by Lord Halifax.

The Japanese Ambassador in London is protesting the arrests, while the British Ambassador in Tokyo protests the arrests of Britons there. The complications between the two countries are rapidly piling themselves up to a formidable barrier.

DEATH OF SAMUEL CHANG. -- Concurrently with all these untoward events has been the reign of terror in Shanghai, which reached its most tragic point when Samuel Chang, veteran Chinese newspaperman, and business manager of the American owned Shanghai Evening Post and Mercury, died from five bullet wounds fired by two Shanghai gunmen hired by puppet and Japanese officials on July 18. The next evening Japanese gunmen forced their way into the apartment of Hallett Abend, New York Times correspondent, beat him, threatened him, took his manuscripts. Previously a list of American journalists in Shanghai had been published by the Wang Ching-wei puppet government, asking that all on the list be deported. Included in the list were J.B. Powell, editor of the China Weekly Review, Carroll Alcott, American radio commentator, Randall Gould, editor of the Shanghai Evening Post and Mercury, and chief correspondent of the Christian Science Monitor, C. V. Starr, president of the Post and Mercury Company, and N. F. Allman, associated with the Chinese newspaper Shun Pao.

Not only has the anti-American campaign instigated by the Japanese and their puppets in Shanghai been developing rapidly ever since the incident on July 7th when American marines and Japanese gendarmes became involved with each other, but the terrorism has been widespread. Chinese business leaders have been kidnapped, a Chinese circuit court judge was killed, others have been fired upon. In an effort to curb the reign of terror, the Shanghai consular body has passed a resolution urging upon the Shanghai Municipal Council action in the matter. Japanese officials seem unwilling to cooperate in keeping the peace.

It is considered by informed circles in Shanghai to be a purposeful drive on the part of the Japanese to try to gain complete control of the International Settlement.

KONOYE CABINET -- These occurrences may be indicative of what the new regime in Japan, under the leadership of Prince Fumimaro Konoye will be like. He has declared himself openly fascist, and has emphasized Japan's expansionist program giving it the new title of a "greater Eastern Asia."

AND IN CHINA - Chungking and other cities and towns in Szechuan Province have suffered almost daily aerial bombing attacks. On the war front the Chinese have been putting up a staunch resistance at Chenhai, near Ningpo, where they have succeeded with their land equipment to sink one of Japan's ships and to damage several others. The Chinese have also successfully fought the Japanese warships on Tung Ting Lake, near Changsha, sinking ten of them, two of which were reported to be Japanese transport ships..

CHINA INFORMATION SERVICE

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S U P P L E M E N T

NEW CHINA WEEKLY NEWS LETTER - Series II, Nos. 1 and 2
by Frank W. Price, Chengtu, China.

FRANK PRICE'S LETTERS - SERIES II

In response to the widespread request that Dr. Price resume his weekly letters, the first two of the second series are presented as a large part of Issue 48 of China Information Service. Please let us know if you want these letters continued. Also send names of others you think might be interested in Dr. Price's reports.

MAILING LIST

Will you kindly send names and addresses of people whom you think would be interested in CHINA INFORMATION SERVICE. A large number of corrections have been received during recent days. If your address is not correct, please write immediately.

LEGISLATIVE ACTION STILL NEEDED !

Two facts give occasion for a special effort now. First, the intensified bombing of Chungking, day after day, directed almost wholly against civilians. Second, the fact that the embargo on war supplies as it affects Japan is still extremely limited. A third consideration now has increasing force: If Britain should be defeated, this hemisphere would be exposed to a "squeeze play" between Germany and Japan. Chinese resistance is vital to American defense. Why not, before it is too late, stop building up Japan, and give more aid to China? Please write: (1) to one of your Senators, or to your Congressman, asking that they find out why the Administration has not acted effectively; (2) To your editor, urging a demand for immediate action; (3) To the President and the Secretary of State, if you have not very recently done so. Make it strong. Action overwhelmingly desired by the people is long overdue.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY
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FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING,
SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, SZECHUAN

CHENG-TU BOMBED JULY 24th, 1940

Lewis S. C. Smythe

On Wednesday afternoon, July 24th, at 2:30 p.m., thirty-three Japanese bombers flying at 6,000 feet swept down from the north. They crossed the city from the southeast in one swift flight, dropping their bombs and flying off in a northwesterly direction with Chinese planes in hot pursuit. They dropped a deadly mixture of heavy demolition bombs to destroy any large buildings they might hit by chance, light contact bombs which would kill the most civilians, and incendiary bombs which would burn up their frame houses! The bombs landed in the southeastern corner of the city, most of them inside the city wall, which is predominately a small shop and residence area for the common people.

Over fifty persons were killed, and various mission hospitals and the ambulance squads of Chengtu International Relief Committee report treating over 200 wounded. An old woman with the flesh of her forearm and hand stripped to the tendons, two old women, one with her right hand blown away, the other with her left shoulder and knee destroyed, died in the hospital, a child with his bowels blown out, an old man killed by concussion. All observers agree that probably not a soldier nor military objective was hit in the whole raid.

Fifteen fires were started but these were brought under control before darkness. Thanks to the energetic efforts of the Chinese firemen the fires only burned out small spots and did not unite in one big fire as on June 11th a year ago. The West China Union University campus, from where I watched the raid, is just outside the south gate of the city a half mile south of the path of the bombers. After the raid, I went into the city and in seeking a Chinese family that I know in the burning area I found the family safe and a stand being made at the Baptist mission property to prevent the fire from burning it and coming on southward. Since the compound had a wide yard and a high wall, it was a good place to check the fire. After two hours fighting at the wall with a bucket brigade, four foreign men, Chinese workers on the place, and Chinese firemen were glad to see that the fire had been stopped at the compound wall. The Chinese firemen had checked the fire on the opposite side of the street so its progress southward had been stopped. We found that the fire on the next street, where the Baptist church is located, had also been stopped.

The American Baptist Mission was right in the path of the bombers and a large demolition bomb landed in the compound just back of the beautiful Chinese-style church demolishing half of the school building and killing the wife of the gateman and a neighbor woman; two incendiary bombs landed in the other compound, one right in the center of the kindergarten. Two Chinese ladies from Nanking, one a Methodist and the other an Episcopalian, who were living there this summer, rushed over and put out the fire in the kindergarten before it could get a start. This also saved the house of Miss Argetsinger of the Baptist Mission. The church building was partly demolished and the buildings along the street in front burned out.

The deaths in Chengtu were greater in proportion than in Chungking because there have been so many alarms when Chungking has been bombed and no raiders came here. But why should people in Chengtu have to gather up their few "valuables", babies and children and flee out into the country just because a few Japanese soldiers decided to conduct night maneuvers near Peiping three years ago? Really, in our present war-torn world our sense of values is so warped that we have lost our sense of proportion. According to the San Francisco radio station KGEI on July 26th, the Japanese spokesman said that "wave after wave of their planes bombed military

objectives." One fleeting flight like a flock of wild geese across the city at 6000 feet was all. As for military objectives, I suppose the Baptist kindergarten was one! A year ago the Japanese said they were trying to hit the headquarters of the Provincial Government. Again they missed it. But that is just like the Germans trying to bomb the Colorado state capitol building in Denver if they were at war with the United States! To what purpose? Ever since their invasion of China began, there has been divided opinion as to whether the Japanese wicked brutality or stupidity was worse. What earthly good it does them to send 33 bombers this far inland to kill and burn the homes of the common people is more than any one can understand. If its purpose is terrorization and disorganization, it failed because the next day there was business in the city as usual.

NARCOTICS

James R. Young, chief Far Eastern correspondent of International News Service, has just exposed the Japanese narcotic racket in America. In cabling from Washington on August 14th Young said that American federal agents had traced the sources of a dope ring to Kobe, a discovery which resulted in a nationwide drive in the United States and the largest round up of racketeers in four years. Kobe is the source of the ring, for the dope comes from Japanese occupied areas in China where Japanese militarists are resorting to the deadliest policy imaginable. They are poisoning the bodies, minds and spirit of the Chinese populace in Suiyuan, Hona, Kiangsi, Southern Shansi and other territories they control. After almost three years of Japanese exploitation, Suiyuan has become a region overrun with the poppies. According to an estimate, in one district alone the poppy plantation covers an area of five hundred thirty thousand to one million one hundred thousand acres. From this opium the Japanese reap a huge profit, besides ruining the people. Anybody who wants to deal in narcotics in Suiyuan must first of all pay a large amount of "cake" to Japanese special service organs. The applicant is photographed and given a permit entitling him to buy raw opium.

Before being transported to Chengting or Peiping to be made into drugs, the poppies must be assembled at Kweihwa, capital of Suiyuan Province, to be heavily taxed by the Japanese again. The finished product is finally transported back to Suiyuan for public sale. Because they produce excellent revenue, opium establishments flourish in the city. It is not difficult for a person to get a permit to open an opium den anywhere under Japanese control. All he has to do is abide by the Japanese "get rich quick" scheme. He is required to pay heavily for the permit and in addition a so-called tax for every ounce of dope sold.

The Japanese opium control is all embracing in Suiyuan Province, as in other so-called occupied territory. Opium smoking has become essential to a "Good citizen". When a person wants to smoke he must first get a permit from the Japanese special service which entitles him to smoke anywhere he likes. However, once he starts he is not allowed to stop. In their daily rounds the Japanese Secret Service men will see to it that every opium addict smokes more and more each day. If he does not have enough money, Japanese will lend him some. When they know that he has become a confirmed addict they will utilize him as a spy.

In Kaigeng, Honan Province, Japanese sponsored opium dens have been established one after another since the fall of the city. At present they number fifty to sixty houses. It is estimated that the number of addicts now constitute sixty to seventy percent of the population. In Manchang, erstwhile capital of Kiangsi Province, conditions are practically the same. Here too, one may smoke opium anywhere. In the entertainment houses Japanese and Korean women attend to the addicts to make

SUMMARY OF CHINA NEWS

CHUNGKING ABLAZE. The most devastating air raids Chungking has yet experienced began on August 20, and have continued almost daily.

Chungking, which has already undergone two solid months with almost daily air alarms and air raids from Japanese planes, experienced the worst of them all on August 20, and the several days following. Incendiary bombs were dropped by Japanese planes which came over the city in three waves. Wind aided the bombers, and huge fires were started in the business sections with a resulting loss of property both to Chinese and foreign institutions which is tremendous. Madame Chiang was on the scene of destruction the following day, seeing that victims were being properly cared for and fed. Generalissimo Chiang Kai-shek immediately authorized an allotment of one million Chinese dollars for relief and evacuation of the victims. Chungking's populace is being urged to move to other centers, and are being aided by the relief fund with travelling expenses.

Lin Yutang, writing from Hong Kong on August 22, where he had arrived by plane from Chungking, gave a vivid account of the bombings in a special article written for the United Press. He emphasized the calm of the people, in the face of the raids and the fires, told of their continued zest for work, of their going about their activities as though nothing had happened, and concluded, "The war will be won. It will be won by Chinese nerves."

HOW MUCH OF A FOOTHOLD HAS JAPAN IN FRENCH INDO-CHINA? Conflicting reports have come out of French Indo-China concerning the strength of Japan's position there. Early this month the secret demands which it was rumored Japan was making upon the French Indo-China government, were reported to include a demand for military bases. On August 13, the Japanese asked for the right of troop transit with Japanese military guard. Negotiations on the matter are still continuing, but Japanese investigators are said to be rapidly increasing in number in the French colony.

There have been several reports to the effect that the French, with full support of the Vichy government, intend to take a firm stand. Definition of this term, however, has not been made. An article by Hallet Abend, in the New York Times on August 24, reported that Hitler did not wish to see further expansion on the part of Japan, and that he would back up the Vichy government in not allowing Japan too strong a foothold in French Indo-China. This report has not as yet been confirmed by any other correspondents. It was suggested in an earlier dispatch that Hitler was anxious to involve Japan in the European war, and might withhold the promise of spoils in the Far East until she did.

To add to the confusion of the French Indo-China situation a report came out of Vichy last week stating that there had been a clash between troops on the French-Chinese border, and intimating that Chinese troops had been driven back into their own territory. This, too was an unconfirmed report, but interpretation of it in Chungking was that Japan was manufacturing an excuse for dispatching Japanese troops to French Indo-China.

SHANGHAI DEFENSE. The announcement by Great Britain that she was withdrawing all of her troops from China earlier this month was termed one more step in Britain's appeasement of Japan. The United States followed by announcing that her troops would remain, and subsequently there was an upset in the defense sectors of Shanghai. Japan considered it a golden opportunity to take over control of the Shanghai water-

front area, and, in fact, of all the sectors formerly guarded by British troops. Americans were equally determined that they should fall heir to Britain's defense job in Shanghai. They felt that if Japan should take over the British defense sectors, the last vestige of the Open Door in China would be closed. A decision by the Shanghai Municipal Council, in the International Settlement, finally awarded the waterfront areas to the Americans, and the residential sections formerly guarded by British troops to the Japanese. Japan is still not satisfied with the decision, and is still balking.

If the British withdrawal was a gesture of appeasement, it has not caused Japan to drop her anti-foreign campaigns, nor to cease the terrorism still rampant in Shanghai.

IN JAPAN. The last two weeks has seen the end of Japan's party system, with the dissolution of the Menseito party. It has also seen the overthrow of 40 of Japan's former diplomats, and the open rise of totalitarianism. Japan is admittedly grooming her politics toward a fascist victory in Europe.

UNITED STATES TRADE WITH JAPAN. The failure of the licensing provision of the May Defense Expediting Act actually to curb shipments of scrap metals and oils from this country to Japan has been a source of great disappointment to many Americans. As far as newspaper reports tell, there have been few licenses refused to Japan. Permission was denied two Japan bound tankers, one carrying oil and one steel. If other licenses have been refused, they have not been widely reported. Meanwhile figures show that Japan's trade with the United States in June had increased over May by about one and a half million dollars. Obviously, Japan is rushing through her orders as fast as possible so as to stock up on supplies before the licenses really begin to be refused her.

The embargo on aviation gasoline really seems to have affected Japan. She protested to the United States, who, in turn, explained once more her position.

IN CHINA. Bumper crops have been reported again this year in rice, tea, and other farm produce... Two new salt fields have been discovered simultaneously in Kweichow-- A ten million dollar drive has been started to buy winter garments for the army... A mandate has been directed by the Executive Yuan, giving final warnings to war profiteers, who are to be punished for speculation in and hoarding of goods and daily commodities.. 120 new receiving stations have been established for wounded soldiers from money raised by the National War Relief Association.

CHUNGKING -- MISSIONS DEMOLISHED IN AUGUST 19 AIR RAID

190 Japanese war planes raided Chungking August 19th, rendering thousands of people homeless, killing and wounding several hundred civilians and turning a large area of the downtown retail business section into a huge conflagration. The enemy raiders swept over the capital city in four groups dropping bombs that set fire to an estimated several thousand wooden shop residences in a mile long semi-circle through the southern section of the metropolis. Later on over forty fires raged in this area. The Institutional church, which is established by the American Methodist Mission to Chungking, and also the Catholic Hospital in Consular Lane were completely demolished, while the Scottish Bible Society and China Inland Mission also in the Consular Lane were threatened by fire. x x x One of the bombs exploded several yards from the west end of the press hotel, damaging the office of the Associated Press correspondents in Chungking. Other buildings in the compound were also damaged.

-- From XGOY - Chungking.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

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by Frank W. Price	

ACT NOW

Among the materials still obtainable without license or restriction from the United States for maintaining and expanding the Japanese military establishment, the following are said to be the most important:

1. Secondary grades of iron and steel scrap. These include car sides, auto frame stock, parts of agricultural implements, scrapped autos, fences, lockers, roofing, etc., and steel of No. 1 quality in lengths and forms inconvenient for storing. While not as satisfactory or economical for the manufacture of steel and steel products as No. 1 scrap (sheet bars, billets, bloom, rail ends, railroad steel, new meshed type ends, etc.,) they can still be used.
2. Pig iron, wrought iron, and other forms of raw materials, including alloys for iron and steel products.
3. Finished steel, for which the Japanese are reportedly endeavoring now to place huge orders approximating 200,000 tons.
4. Copper.
5. Lead.
6. Gasoline, other than high octane aviation gasoline.
7. Crude and lubricating oil, other than the grades used for airplanes or as source for aviation field.
8. Motor vehicles and parts used for tanks and military destruction.
9. Wood pulp, used in the manufacture of explosives.

The Administration has all needed authority, without further legislation, to curtail or prohibit exports of these war supplies to Japan, as well as to take further form of Executive action. The steps taken will depend in large part upon articulate public opinion.

WRITE TO LT. COL. RUSSELL L. MAXWELL, CHAIRMAN OF THE EXPORT CONTROL DIVISION OF THE STATE DEPARTMENT, WASHINGTON, D. C., URGING COMPLETE EMBARGO ON ALL SHIPMENTS TO JAPAN.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE, EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING. SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, SZECHUAN

NATIONAL CONFERENCE OF CHINESE INDUSTRIAL COOPERATIVES

Chungking, China, July 8th to 15th, 1940.

Lewis S. C. Smythe

I have just returned from the national conference of Chinese Industrial Cooperatives held in Chungking. Eighty out of about six hundred on the promotional staff were in attendance including the heads of each of the five regional headquarters. The more distant headquarters, that is the Northwest in Shensi and Kansu and the Southeast in Kiangsi, Fukien, and Kwantung, each brought a truckload of their products for the exhibit. The Yunnan regional head came by airplane. The Southeast started an innovation by bringing two chairmen of the large cooperative societies. It is planned next year to have as representative a group from the societies as possible in addition to the promotional staff.

SEMINAR ON COOPERATIVES. Most of those attending the conference arrived in time for the seminar held July 1st to 6th. The seminar was for the purpose of study and discussion of fundamental problems. There were sections on "Cooperative Organization and Supervision, Education and Literature;" "Business, Accounting and Finance of Societies;" "Technical and Industrial Problems;" and "Problems of C.I.C. Administration." The first group discussed thoroughly the draft of the new constitution for the individual industrial societies and the whole seminar spent three afternoons on the division of profits section of the constitution. The most fundamental change was to abolish the limit on bonus on wages to 20 per cent and to thus eliminate the section on distribution of "surplus profits." Workers in the field thought that such limitations would destroy the initiative of the members. And when you realize that half of the net surplus was assigned to reserves and special funds, there is good reason for this point of view. As it is two-fifths of the half that goes to the members as a bonus on wages must be taken in share capital. All of which means that a large proportion of the profits are being turned back into the business. Ten per cent of the net profits goes to a joint committee of the local industrial cooperative federation and the local CIC office for development of the federation's work. This latter provides means for financing these federations which are just beginning. It is planned that later they will gradually take over the promotional, supervision, and instructional work at present carried on by CIC."

INDUSTRIAL COOPERATIVE CONSTITUTIONS. Besides this new constitution for the individual industrial cooperatives, a committee was appointed to draft constitutions for industrial federations (that is federations of societies in the same industry) and for the general federations including all industrial cooperatives in a certain area. In this connection, the next big step in the development of industrial cooperatives is revealed: that of organizing for marketing and for promotion and audit by the federations of industrial cooperatives. There are six marketing and supply agencies in the Northwest run by a partnership of CIC and the local federation. It is planned to extend these throughout the sixteen provinces in which CIC has worked and to link them by transport cooperatives where necessary. But they will be organized on strictly cooperative marketing principles. Then every industrial cooperative will have the services of this larger organization both in securing raw materials and marketing its products. Everyone who saw the exhibit in Chungking of products of the industrial cooperatives remarked on the variety of goods shown and the splendid qual-

* Draft of this constitution reprinted in News Release of China Information Committee (Chungking) July 12th, 1940, did not include these conference revisions. The above mentioned changes in Article 29 on profits are most important.

ity. Many immediately asked, "Where can we buy these goods?" The marketing and supply organizations are the answer.

STATISTICAL REPORTING. Another forward step at the conference which will particularly please people abroad is a plan for adequate statistical reporting of the work of the industrial cooperatives. This provides a simplified and uniform system which will reach out through the CIC organization to every industrial cooperative for monthly reports on membership, share capital, loans, and production.

EXTENT OF MOVEMENT. The need for all this work of "system builders" is seen from the extent of the industrial cooperatives at the end of May, 1940. There were 1810 industrial cooperatives with 24,000 members in sixteen provinces spread from Lanchow in the northwest to the outskirts of Canton in the southeast. These societies had subscribed C\$597,000 share capital of which C\$415,000 was paid up. Total loans stood at C\$5,550,192 most of which had been loaned since the first of the year so the repayments were small in proportion, C\$645,189. A large part of these loans comes from the banks at 9.6 per cent interest per annum. (Standard commercial rate in China.) The total value of production by the societies was carefully estimated at C\$7,000,000 per month. In addition to this the industrial cooperatives will make 1,000,000 woolen blankets for the Chinese Army this year. (The second order.) Thus the Chinese Industrial Cooperative Association finds itself conducting an C\$80,000,-000 annual business with a monthly budget for promotion of only C\$100,000 (U.S.\$6000!) and a staff of 600 persons spread out over sixteen provinces! *

PROMOTION. It is probable that the fund contributed each month by the Chinese Government for CIC promotion will not be increased. Dr. H. H. Kung, Minister of Finance, under whom the semi-governmental CIC organization operates, told the Conference that he expected further promotion funds to be secured from the profits of the cooperatives. To collect this for the CIC organization itself would be bad cooperative policy. But to collect it for the use of the local federation to do promotional, supervision, and auditing work means a hastening of the development of an independent industrial cooperative movement in China!

PROBLEMS OF DEVELOPMENT. But the attempt to hasten that development brings with it many problems, as any missionary who has worried over "devolution" (turning over mission administration to the Chinese constituency) knows. The crux of the problem is education of the members of the industrial cooperatives not only to understand their own society and how it operates but also to understand more complex problems of federation and marketing and general promotion. At present cooperative experts in the CIC organization will have to guide this development. But if the members are not educated to understand it, when they come to control these federations they are liable to disregard any advice of "experts."

RESEARCH INSTITUTE AND TRAINING. Consequently, it was decided at the Conference that education both of the members and of the CIC staff and its new recruits was the most pressing problem confronting the movement. From the start it has had no funds from the Chinese Government for this purpose. To date all educational funds have come from Promotional Committees in Hongkong and elsewhere. At the Conference a plan was worked out for an "Industrial Cooperative Institute" as a center for CIC's Research, Training and Planning probably to be located at Chengtu. This would carry on industrial research for improving small-scale methods and would train organizers,

* For those interested in operating ratios, the ratio of loans to subscribed share capital is 8.2:1. The fact the retail price index is around 350 means that \$7,000,000 monthly production is only equal in volume to \$2,000,000 a year and a half ago. But the present valuation of production is the only fair way to present results because raw materials, and therefore needs for capital, have increased as rapidly or more so in some cases.

educational workers, auditors, and technical men. These trained persons would carry on smaller institutes in the areas in which they go to work to train local CIC staff and through them the members of the industrial cooperatives. This central Institute would have close connections with the work in all five regions and therefore be able to act as a co-ordinating agency in research and training. To finance this Institute and the educational work in all five regions would require between US\$200,000 and US\$300,000 a year. Friends of Chinese Industrial Cooperatives in America could do no greater service at this time than to raise such a fund to be administered under the International Committee for CIC in Hongkong.

* * * * *

CHUNGKING BOMBINGS

July, 1940

A bombed town develops a life pattern all its own. The Japanese by coming at regular times help this development. While I was in Chungking attending the National conference of Chinese Industrial Cooperatives the daily program was: office hours begin at 6:30 A.M., first air-raid alarm at 10:00 A.M., second at 10:30, third and urgent alarm at 11:00, first bombs dropped by first flight of planes at 11:15 A.M. Second flight dropped its bombs at 12:15 noon, and third about 1:15. "All clear" sounded about 2:00 when you went to lunch and back to the office at 3:00 P.M. to work until 6:00 P.M. or later. The noon hour in an underground dugout is to be recommended in hot weather!

While the property damage is important but not devastating, the loss of life in most raids is nil. This is because the population has been reduced by people leaving the city, because dugouts have been provided for nearly all the population, and because the people have learned to take cover instead of sitting under a tree! We were a little slow one day in reaching our bomb-proof dugout and were walking against the stream of busses, trucks, cars, and rickshas pouring out of the city. When we turned on to our main street we were surprised to find it deserted: only one old woman in front of a shop and one family hurriedly boarding up the front of their shop and leaving for shelter.

After the raid electric wire and telephone line repairmen were out of their dugouts before we were and hard at work. Persons at houses that had been hit were calmly cleaning up the debris and some started rebuilding the very next day. Persons passing by would remark, "Oh, there is another place that was hit" and pass on. Electrical service, telephones and water system were only temporarily out of commission thanks to splendid repair organization. Fires were few. Most of the buildings hit were of new flimsy construction and many bombs landed in valley fields. So the value of property damaged is small in proportion to the scale of the raids carried out. One official of the National Government who is promoting small can-spinners for spinning cotton all over the country to replace the mills destroyed in Shanghai and other places received a direct hit of a large bomb on his small training factory. A few days later we sat sipping tea on the veranda of his office in a secluded garden where the large stones had been strewn across it by the twin-sister bomb. He laughed and remarked, "That bomb cost more than my whole factory!" While persons are clearing up the debris at one end of the shop building, shops at the other re-open for business. The slogan seems to be "business as usual."

And this extends to the highest government officials. Dr. H. H. Kung arrived five minutes early for a reception to CIC at 4:00 o'clock on the day his house had

been bombed a little over an hour earlier! He lectured the Chinese Industrial Cooperative Conference right through one air raid and remarked, "If any of you are afraid you may go, but I will continue here," True the conference was on a beautiful hillside outside of Chungking but the Japanese bombers had flown right over there a few days before and dropped bombs which just missed Nankai University at the foot of the hill.

That was on the Fourth of July. If the Japanese were not aiming at Nankai (bombed and burned out of Tientsin by the Japanese in the summer of 1937) it is hard to see what they were aiming at. Their bombs landed in the fields excepting for one that hit a Nankai faculty house. The second flight on that same day came at a different angle and dropped all the bombs from 26 planes on the science laboratories of National Central University (bombed four times in Nanking in 1937!). Why the Japanese should consider universities as "military objectives" is still a conundrum. At least to date, the Germans have not bothered to bomb Oxford and Cambridge in England! I stood on the hill and watched the above bombings myself.

On that Fourth of July morning I went to the raising of the Chinese flag by the Chinese Industrial Cooperative staff. I told them that I hoped for the liberty of all peoples as well as for that of America. At dinner that night we Americans, Professor Charles H. Riggs and I, entertained the British advisers to CIC and a number of the Chinese staff. Both the British and the Chinese chided us gently that we Americans were letting them fight our battles for freedom in the modern world! The Chinese reminded us that the planes, iron, and gasoline that had been used to bomb those two Chinese universities that very afternoon were probably from America! But They laughed it all off by saying, "Well, your turn is coming."

When a few of us back in the fall of 1937 and even earlier at the time of the Japanese invasion of Manchuria in 1931, said that unless a world-wide collective security against aggression were organized and made effective, no country would be safe, many laughed. Little did anyone realize that that aggression would spread from Manchuria to London itself! Little did we realize in 1937 that China would outlive several European democracies! But still we aid the aggressor, Japan, in the Far East, while trying to help the democracies of Europe to check the aggressors there! We are driven into peculiar positions when we accept the isolationists' doctrine of "save your own skin and let the rest of the world go hang". But it was Ben Franklin who said, "We must hang together or hang separately." It seems to be true on a world scale today!

P.S. The above was written just before lunch. About two o'clock this afternoon 33 Japanese planes came and swept across the eastern part of the city dropping many bombs and causing a number of fires. This will probably cause considerable damage to civilian population which is quite crowded in that area of Chengtu.

Chengtu Sze., China, July 24th, 1940.

SUMMARY OF CHINA NEWS

INDO-CHINA MENACE. Japan has been moving heaven and earth to gain a military foothold in French Indo-China in order that she will be able to attack China's strong southern forces through the Indo-China border. So far neither heaven nor earth has responded.

First through diplomatic pressure, and secondly through the instigation of some sort of "incident" which would warrant an out-and-out invasion, Japan has been attempting to gain her ends.

Her diplomatic pressure has been upon the Vichy government, and upon the French officials in Hanoi. On September 3, after a rebellion in French Indo-China against the Vichy government had been reported, Japan issued an ultimatum, which reportedly included a demand that military bases for Japanese be established in French Indo-China and that Japanese troops be allowed passage through the French colony.

On September 4 the French Indo-China authorities and the Vichy government rejected the ultimatum. It was reported that certain "military privileges" were to be granted Japan, but that the French government could not comply with the demand for the right of passage of Japanese troops without further negotiations.

On September 5, Secretary Hull expressed concern over any change in the status quo of French Indo-China, and Great Britain was reported to have taken a similar stand. Despite evidence of these protests, a basic agreement between the French and the Japanese was reported to have been made on September 6, which would permit a "limited" right to land Japanese troops and supplies at Haiphong.

Negotiations, however, apparently continued without too much success, and on September 12, Governor General Admiral Jean Decoux, head of the French Colony, was reported to have appealed to President Roosevelt concerning the drastic demands made upon him by the Japanese. He was said to have reported to the President that the Japanese have demanded three airdromes each accommodating a personnel of 8,000, free use of the French naval base at Cam Ranh Bay, and passage of 60,000 troops through Tongking.

Since all of these efforts at pushing the French into yielding have so far met with only partial success, the Japanese have apparently been trying their usual line of conjuring tricks as well. Twice it has been reported from Vichy (probably through Domei) that Chinese troops have crossed the French border and attacked French soldiers. Each time this accusation has been vigorously denied by the Chinese. It was reported from a reliable Chinese source, on the last occasion, that the troops crossing the border had actually been Japanese troops disguised in Chinese uniforms. These attempts on Japan's part to initiate a story that the Chinese were actually invading French Indo-China, are undoubtedly designed to give Japan an excuse to send in her troops. It is the method Japan has used so often before. An astute Chinese diplomatic observer in Chungking remarked on August 24 that the Japanese would continue to circulate malicious rumors about border clashes in order to manufacture an excuse for an Indo-China invasion. He warned that any such reports should be accepted with scepticism.

Meanwhile China has made herself perfectly clear in regard to French Indo-China. Foreign Minister Wang Chung-hui, on August 28, stated that "Chinese troops

now stationed near Indo-China will remain on Chinese territory and will not be ordered to march across the border as long as the Japanese troops do not appear in Indo-China." However, he continued that "the Chinese Government wishes to declare emphatically that in the event of actual entry of Japanese armed forces in Indo-China under whatever pretext and under whatever conditions, the Chinese Government will consider it a direct and immediate menace to the security of Chinese territory and will at once adopt measures of self-defense by dispatching likewise armed forces to Indo-China to deal with the situation."

GUERRILLAS ON THE MOVE. A concerted campaign on the part of the guerilla fighters in the North has been going on during the past three weeks with the result that most of the Japanese controlled North China railroad lines are unable to run, and some have been so completely destroyed that they will not be in commission for many months. Even the Japanese military spokesman has had to admit that the campaign has been well organized and effective. Almost every day further activities of the mobile troops are reported.

The most important single victory of the last few weeks was the Chinese recapture of Niangtsekwang, called the "Threat of Shansi Province". This was of great strategic importance, a Chinese military spokesman pointed out, since it was a pivotal point on the Chengtin-Taiyuan and the Peiping-Hankow railway lines. Furthermore the city is considered an easy city to hold but a hard one to capture, and consequently its recapture by Chinese troops shows Chinese military strength.

CHUNGKING REBUILDS. Heartening has been the news of a plan to rebuild the business section of Chungking, so badly damaged in the August air raids. The New Life Movement is sponsoring the building of a central plaza, and a large building to house its own activities. A \$300,000 fund has been set aside by the banks to aid in the rebuilding of the new city, where wide streets, modern bazaars, and up-to-date office buildings will rise from the scene of ruins. Chungking recently became the "auxiliary" capital of China by a mandate of the National Government.

The Japanese bombers have destroyed foreign property in Chungking to a cost that runs well into six figures. Two Methodist hospitals, the Lewis Memorial Church, and the German Embassy were the most recently reported foreign losses. Earlier, British holdings received the largest proportion of damage.

It has been estimated that 7,084 demolition bombs, and 2,512 incendiary bombs have fallen on Chungking this summer.

U. S. TIGHTENS LICENSES ON EXPORTS. After urging from the National Advisory Defense Commission, President Roosevelt, on September 14, enlarged the licensing provisions on exports to include equipment which can be used, or adapted to use for the production of aviation motor fuel, and plans, specifications or other documents which would help in such processes; on equipment which can be used, or adapted to use for the production of tetraethyl lead, and plans, specifications or other documents which would help in such processes; and on the plans, specifications and other documents containing descriptive or technical information on the design or construction of aircraft or aircraft engines. This action, and the steps which led up to it, have greatly disturbed the Japanese press.

JAPANESE MISCELLANEA. The Christians in Japan have decided to form their own church, excluding all foreigners, and particularly any foreign leadership. Konoye's totalitarian "structure" has gone into effect. Japan's suffragists have disbanded. Forty Japanese diplomats have been "purged". Kagawa, noted Japanese Christian leader, has been arrested.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

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NEW CHINA WEEKLY NEWS LETTER, Series II, Numbers 5, 6, & 7.

by Frank W. Price.

Bulletin for Chinese Industrial Cooperatives

Statement by Mr. Greene:

"The suggestion just given by the Department of State that American citizens in China, Indo-China, Japan and Japanese possessions consider leaving, if they are not detained by important responsibilities, is not to be taken either too seriously or too lightly. It is to be understood that no immediate danger threatens. There is no occasion for panic. On the other hand, if everyone waits until a crisis actually develops it will be impossible for all to get away comfortably and safely within any short period.

This mild warning does mean probably that our government is not too well pleased by the rather threatening statements recently emanating from Japan. Since it evidently has no intention of compromising American rights or those of other countries, some measures of precaution against injudicious reactions in Japan seem fully justified."

There is still need to be strict embargo on the following articles:

1. Pig iron, wrought iron, and other forms of raw materials, including alloys for iron and steel products.
2. Finished steel, for which the Japanese are reportedly endeavoring now to place huge orders approximating 200,000 tons.
3. Copper
4. Lead
5. Gasoline, other than high octane aviation gasoline.
6. Crude and lubricating oil, other than the grades used for airplanes or as source for aviation field.
7. Motor vehicles and parts used for tanks and military destruction.
8. Wood pulp, used in the manufacture of explosives.

FOR ADDITIONAL SUGGESTIONS

Write to Harry B. Price, American Committee for Non-Participation in Japanese Aggression, 8 West 40th Street, New York, N. Y.

WRITE TO LT. COL. RUSSELL L. MAXWELL, CHAIRMAN OF THE EXPORT CONTROL DIVISION OF THE WAR DEPARTMENT, WASHINGTON, D. C., URGING COMPLETE EMBARGO ON ALL SHIPMENTS TO JAPAN.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE; EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING, Szechuan; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, Szechuan

CHINESE INDUSTRIAL COOPERATIVES

The first bulletin to the American Committee for Chinese Industrial Cooperatives is sent with this issue. Attention is called to the fact that Miss Loomis, though in New York working part time with the Cooperatives, is still supervising the work of the China Information Service.

Bulletin No. I of the American Committee for Chinese Industrial Cooperatives, announcing Chairmanship of Admiral Yarnell.

SUMMARY OF CHINA NEWS

The year-old European war and the three-year old war in China merged on September 27, when Germany, Italy and Japan signed a political, military and economic alliance. Although events had long pointed toward this alignment there was no lack of important developments in the Far East immediately preceding Japan's momentous diplomatic move.

Japan In Indo-China. After a month of threats and intrigues the Japanese army finally entered the French colony by combined diplomatic bludgeoning and military invasion. On September 22, with two successive Japanese demands for "limited military facilities" already granted by the Vichy Government and its colonial authorities, Japanese troops launched a sudden attack on Indo-China from the north. French troops put up a short-lived resistance at Dong Dang and Langson, at the end of which more Japanese troops landed through the port of Haiphong as per agreement. The French concession also included three air bases in the norther province of Tongking, from where 27 Japanese planes conducted their first severe air raid on Kunming, key city of South China, on September 30. Both Chungking and Washington protested against the Japanese invasion of Indo-China, the Chinese Government reasserting its right to take such measures of self-defense as may be deemed necessary.

Scrap Iron Embargo. The United States "disapproval" this time was followed by specific measures in helping China and in deterring Japanese aggression on September 25. A new loan of \$25,000,000 to China was made through the Export-Import Bank, bringing American credits to China since the beginning of the present war to a total of \$70,000,000. The next day President Roosevelt announced an embargo on the export of all types of scrap iron and steel except to Great Britain and the Western Hemisphere countries - a long-awaited step designed to cripple the Japanese war-machine which derives over 90 per cent of its vital scrap metal from the United States. The embargo is to become effective October 16.

Japanese-German-Italian Pact. Against this setting, Japan's formal alliance with its European partners, solemnized on September 27, was universally recognized as a direct threat and challenge to the United States. Signed in the presence of Hitler by the German Foreign Minister von Ribbentrop, the Italian Foreign Minister Ciano and the Japanese Ambassador in Berlin, the ten-year pact calls for a three-way cooperation in the establishment of a "new world order." The pact provides that (1) Japan recognizes and respects the leadership of Germany and Italy in the establishment of a new order in Europe;" (2) the European partners "recognize and respect the leadership of Japan in the establishment of a new order in Greater Eastern Asia;" and (3) all three signatories assist one another politically, economically and militarily when one of them is "attacked by a power at present

not involved in the European war or in the Chinese-Japanese conflict." Spokesmen and the press in Rome, Berlin and Tokyo pointed to this as open warning to the United States against further American aid to Great Britain or China. In his speech at the time of the signing of the pact, Japanese Ambassador Kurusu hailed it as of "truly historical importance."

At home, the Japanese public was silent, even apathetic. Premier Konoye found it necessary to make two nation-wide broadcasts in 24 hours, defending the alliance as necessitated by difficulties encountered in setting the "China Affair," and calling on the Japanese people for more sacrifices. Foreign observers were of the opinion that, in signing the tripartite pact, Japan loses more than she gains, since she is risking an open conflict with the United States with little hope of military or economic support from her European partners.

Responsible Japanese officials served a virtual ultimatum to the United States a few days later in a Tokyo interview by Foreign Minister Hatsuoka, carried by the International News Service. If the United States refuses to understand the real intention of Japan, it was declared, and continued to demand preservation of the status quo in the Pacific, "there will be no other course open to Japan than to go to war."

The Pact and U. S. The Tokyo-Axis alliance, so far from restraining the United States, had the effect of stimulating this country into consideration of further aid to Britain and China, as America's first line of defense against the totalitarian powers in Europe and Asia, respectively. Further measures in the Far East (some in conjunction with the British) advocated unofficially in Washington and elsewhere include the following:

- (1). A complete embargo on American materials to Japan, adding pig iron, steel, copper, oil, gasoline, motor vehicles and machinery, chemical and related products, to the list of licensed exports.
- (2) Extension of the embargo to cover imports of Japanese silk to the huge American markets and possibly that of the whole Western Hemisphere.
- (3) Further credits and loans to China.
- (4) Re-opening of the Burma Road by Britain, on Oct. 17, which marks the end of the 3-months Anglo-Japanese agreement.
- (5) Restriction of exports to Japan from the British dominions.
- (6) Joint Anglo-American use of British naval bases in the Pacific, chiefly Singapore.
- (7) Improvement of Soviet-American relations with the return to Moscow of Ambassador Steinhardt.

The Pact and Soviet Russia. An article in the three-power pact states explicitly that its terms do not affect Soviet Russia. Berlin further revealed that the three signatories have defined among themselves the sphere of influence to be placed under the "leadership" of Russia. While Moscow refrained from official comment on the pact, reports from Berlin and Rome indicated efforts being made to win

the Soviet-Union over to the new alignment. Specifically looking toward a possible Soviet-Japanese non-aggression pact. Tokyo also discussed favorably the improvement of its relations with Russia, in return for which Russia would be expected to cease her assistance to China. At the same time some opinion in the United States is urging closer American-Russian cooperation in the Pacific area. There are indications also that both Russia and Great Britain are looking toward improvement in their relations.

China Continues Resistance. Commenting on the Tokyo-Axis alliance, the Chinese Foreign Minister Wang Chung-hui said that China never would recognize a so-called "new order" in east Asia under Japan's leadership. China, he said, is firmly resolved to continue her struggle for the maintenance of world order in the Far East.

Tension again increased in Shanghai as a direct result of the new pact. Japanese agitators were seen behind the city's transportation strikes which observers believe would serve as a pretext for Japanese occupation of the International Settlement and the French Concessions. Many Americans prepared to leave in anticipation of a crisis.

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CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

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NEW CHINA WEEKLY NEWS LETTER, Series II, Nos.

WE CAN STOP JAPAN, By Robert Aura Smith.

SUMMARY OF CHINA NEWS

The after-effects of the German-Italian-Japanese alliance, particularly Tokyo's bellicose attitude towards the United States, reached a climax on October 8, on which date Washington ordered Americans to evacuate the Far East and Britain served notice of the reopening of the Burma Road. Thereafter, significantly, Japan has modified its tone, while U.S. and Britain intensified measures to aid China in defeating the Japanese "New Order in Eastern Asia." For once, an aggressor nation appreciates how it feels to talk while your opponents act.

U.S. READY FOR CRISIS. American action, following Japanese Premier Konoye's warning to keep out of Asia, took the form of precautionary and defense measures, continued consultation with Britain, and more help to China. The State Department's "advice" to American citizens to leave China, Japan, Hong Kong and French Indo-China was received by the 10,000 Americans there with mixed feelings ranging from reluctance to leave to worry about shipping facilities. By October 12, when the liners Washington and Manhattan were reported to be dispatched for the evacuees, many American women and children were already leaving Tokyo, Shanghai and Peiping.

Meanwhile, the United States Navy prepared to meet any eventualities as a result of the American-Japanese tension. On October 7, Admiral J. O. Richardson, Commander-in-chief of the U. S. Fleet, who was summoned to Washington from Honolulu, held a conference on the Pacific situation, with Secretary of Navy Frank Knox and Admiral Harold R. Stark, Chief of Naval Operations, which was participated in by Rear Admiral Harry E. Yarnell, retired Commander of the Asiatic fleet. Secretary Knox later announced the increase to its full strength the personnel of the U. S. battle fleet based at Hawaii. The 1,600 U. S. marines in China, he declared, would

ADVISORY EDITORS. MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL. FORMERLY COMMUNITY CHURCH, SHANGHAI. PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y. Y.M.C.A., CHUNGKING, Szechuan. DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, Szechuan.

not be withdrawn and present fleet plans in the Pacific remained unchanged. Secretary of War Stimson, supporting a policy of firmness toward Japan, also projected strengthening of the Hawaiian land defenses.

In his world-wide broadcast, October 13, from Dayton, Ohio, President Roosevelt stressed, as the foreign policy of the United States, total defense of the western hemisphere and adjacent oceans, insistence on the right of peaceful commerce in the Atlantic and the Pacific, and no appeasement. The speech was regarded as America's answer to the Berlin Pact, which calls for a partition of the world with Japan dominating Asia.

BURMA ROAD REOPENED. Britain's answer to the pact was given by Winston Churchill when he told the Commons, in announcing the reopening of the Burma Road, that Britain was more concerned now with helping China to maintain her independence than with appeasing a Japan that was aligned with Britain's Axis enemies.

Promptly at midnight, October 17, sixty trucks left British Lashio, the first of a long caravan to cross the Burma-China border with loads of the \$20,000,000 worth of materials waiting for shipment to Chungking, via Kunming. These materials include American motor trucks, gasoline, airplanes and parts, cotton and raw materials for the manufacture of arms and ammunition and medicinal supplies. The Japanese military command had announced its determination to prevent supplies from reaching China by consistent bombing of the Burma Road. In line with this policy, Japanese airplanes from their new bases in Indo-China bombed Kunming heavily on October 13th and October 18th and attacked other strategic points on the road, but without interrupting the steady flow of the traffic.

A London dispatch of October 9 revealed that China had asked Britain for further military and technical assistance, which it was believed would be granted the following day. Under-Secretary for Foreign Affairs, R. A. Butler made known to the Commons that Britain and the United States were canvassing the whole question of co-operation in the Pacific, as well as the possibility of joint economic measures against Japan.

At the same time the Burma Road began buzzing with renewed activity; Washington reported negotiations afoot for still more loans to China. Federal Loan Administrator Jesse H. Jones, interviewed with T. V. Soong, president of the Bank of China, said the loans will be in exchange for essential defense materials needed by the United States.

Japan's planes have bombed the road several times since it was reopened to traffic. On each occasion the Japanese have reported that the road was definitely cut by the bombing of high extension bridges over the Mekong River. The first two of these reports were definitely denied at Chungking, with statements which emphasized China's preparedness to protect and repair the road. Anti-aircraft guns, and well equipped repair crews have been set up along the road by the Chinese authorities. To the last Japanese report of destruction of a bridge, the Chinese had not yet had time to reply when this summary was completed.

JAPAN SOFTENS ATTITUDE. Faced with these developments, the Japanese people for the first time realized the seriousness of the situation between their country and the United States, while high officials displayed a quick change of heart as regards the significance of the Tokyo-Axis alliance. Commenting on the evacuation of Americans, Foreign Office spokesman Suma said: "There is no reason to be so nervous." In a statement replying to Churchill's speech, Foreign Minister Matsuoka said the tripartite pact is not directed against America and is really a "peace" pact. Again, speaking before a Tokyo mass meeting, Matsuoka invited the United States to join the

"new order." The N.Y. Times correspondent, Hugh Byas, quoted a Japanese "diplomatic official" in saying that the Berlin pact cannot force Japan into war and that under it Japan retains autonomy of its foreign policy.

SOVIET FRIENDSHIP SOUGHT. America's stiffened attitude made Japan doubly anxious to seek an accord with Russia. As the new Japanese Ambassador, Yoshitsugo Tatekawa, was en route to Moscow, London circles reported "strong probability" for a Russo-Japanese non-aggression treaty. Unconfirmed, however, was a Japanese newspaper report that a four-power conference among Germany, Italy, Japan and Russia will be called shortly in the Kremlin.

Diplomatic exchanges also took place in Moscow between the British and the American Ambassadors and Molotov, and in Washington between Soviet Ambassador Ouman-sky and Under-Secretary Welles. A "reliable source" in London was quoted as saying that the Soviet Government had assured the United States and Britain that Russian policy toward China remained unchanged, regardless of Japan's adherence to the Axis alliance.

JAPANESE POLITICAL DIFFICULTIES. A chorus of dissension is reported to have raised its voice in a recent Japanese cabinet meeting. General Tojo, Minister of War, bluntly told Konoye that the Japanese army demands "invigoration of national spirit and brightening of popular minds," and complained about the government's "petty and unnecessary interference" that always depressed the Japanese people. The Japanese press, at the same time, was said to be hurling editorial attacks on Tokyo's excesses of economic control. Chinese editorial opinion predicts that the Konoye government is slated for a fall within a short time. This opinion appears to have sound foundation.

CHINA ADVANCES ON WAR FRONT. Evidences that Japan's southward expansion has definitely weakened her position in China have been coming in every day with the news of the recapture of towns by the Chinese along the central China front, and the failure of Japanese attacks.

Reports from Chungking state that there have been at least 10,000 Japanese casualties in the Chekiang, Anhwei and Kiangsu provincial border districts where the fighting has been severe during the last several weeks. The Japanese had been making a large scale attempt to clean up an area bounded on the north by the Yangtze River, on the east by the sea, and on the south by towns on the south bank of the Chientang River. They had sent some 30,000 men into the area, drawing them from Nanking, Hangchow, Shanghai and Wuhu garrisons. The drive had fizzled out by October 20, the Japanese having met with stiff Chinese resistance, and heavy losses. Some of the Japanese troops are still reported surrounded, with their retreat cut off.

Fighting in the north has also been active, and there have been reports that the Japanese will have to withdraw some of their troops from French Indo-China in order to make up for the losses caused by guerrilla destruction of troop trains and guerrilla attacks. On October 28 it was reported from Hong Kong, that the Japanese are no longer planning to attack Yunnan Province through French Indo-China, because of the difficulty of the terrain. They are now planning to enter Yunnan through the province of Kwangsi. Chinese troops in this area, particularly around Nanning, have recently been successful in minor engagements.

It begins to look as though the Japanese were regretting the folly of their southward exploits.

CHINA VIEWED AS STRONG ALLY FOR US

We Shall, However, Have to Extend More Than Passive Assistance, Well-Known Author Asserts

TO THE EDITOR OF THE NEW YORK TIMES:

During the last fortnight one might have seen the gradual shaping of a new world line-up, since Japan's tripartite pact with Germany and Italy defined the two wars going on in Europe and Asia as one common and indivisible struggle on the part of these three nations to dismember the continents according to their patterns.

With remarkable firmness, America has accepted the challenge of these self-imposed dictators of the future of the world. With the recognition of that one and indivisible struggle, and in the reshaping of her world policy, America is called not only to prepare for national defense by her own efforts but also to make common battle with all those powers fighting against the same enemies.

The immediate thought is as to what extent China can be of help to America in the Pacific in this common struggle against impending totalitarian empires. America is committed to the maintenance of the status quo in the Pacific, and Japan is equally committed to changing it into a "new order." Unless Japan backs down, a conflict is inevitable.

ALTERNATIVES PRESENTED. The problem of Japan is particularly important in view of the fact that America may need to concentrate all her energies in the Atlantic in the coming year or years. This necessitates either a quick disposal of the Japan "incident" by smashing the Japanese fleet within six months, as Germany disposed of France to concentrate on England, or increased aid to China sufficient to intensify her war and immobilize Japan.

That is to say, either America is going to fight Japan, or let China do the fighting, with America providing the supplies. In either case, the fact that China by her record has become the only strong, effective stabilizing power in the Far East to check Japan's ruthless expansion has to be recognized. The recognition of this historical fact and of China as a full-status official or unofficial ally of America because of natural parallel interests will be of importance in formulating American policy in the Pacific for the immediate future.

In the light of the present circumstances, the powers that are waging the common struggle, Britain, America and China, will need a long-term policy of cooperation to insure victory. United States aid to China should not be the haphazard passing thought that it is.

It does not make sense for America to spend billions to build a navy against a hypothetical enemy, while neglecting to assist China, which is fighting that same enemy at this moment and will continue to fight until that enemy is incapable of offering battle and a Pacific super-navy will have become a luxury.

FULL PLEDGE CALLED FOR. The objective calls for a full pledge on the part of America to see China through in the matter of war supplies. In return, whether she says it or not, China has pledged, and will pledge again, to continue the war with Japan with increasing intensity until the latter is completely exhausted.

The problem of taking China as an effective ally of America has not been given adequate consideration. America has expressed her determination to increase her aid to Britain, and, as if by an afterthought, also to aid China. But that aid to China, I suspect, has been conceived, like the last loan to the Chinese Government, more in the spirit of a gesture of defiance at Japan than as assistance to an effective formidable ally which has become the determining factor in checking Japan's advance in Asia.

By the law of common sense, China, which has fought a first-class world power to a stalemate in the last three years, automatically becomes a first-class world power herself.

We are fighting a curious war in China, without an adequate air force, artillery and tanks, but we are fighting successfully against an enemy who has all those things, and that is the thing that counts. The gradual shaping of a line-up of what must be called the "Axle powers" against the "Axis powers"---a Washington - London - Tokyo Axis---is becoming evident, and before long people will discover that a Washington-London-Chungking Axle will be extremely desirable.

PERCENTAGES FIGURED. Aiding China will yet prove the cheapest way of defending the Pacific for America. For the price of two modern battleships, given to China in the form of fighting and bombing planes, China could wage a war against Japan on a 2,000-mile front for years and effectively weaken, exhaust and defeat her, until a war between the United States and Japan became impossible because unnecessary. Spend on aid to China 5 per cent of what America is spending on the naval building program and you will have the mere phantom of that former great Japan to reckon with in that Pacific struggle.

China is fully prepared to cooperate with Britain also in the defense of the Indo-China-Siam-Burma Straits region, which I call the Far Eastern Balkan States. The prevention of Japan's consolidation in Indo-China is now of supreme importance, in order to avert an attack on Singapore across Siam and the bombing of Singapore and the Philippines from Saigon. Somebody must keep Japan busy in Indo-China, and China is the only country able to do it. Last year China offered the use of 300,000 Chinese troops at Britain's disposal. This agreement did not materialize, for fear of offending Japan, but with the development of events, Britain has awakened to her folly of closing the Burma Road to her only possible ally in that region.

How slowly the logic of events penetrates men's minds is proved by the fact that my announcement of China as already constituting a first-class world power by her record and as the only stabilizing power in the Far East will strike many American readers as bordering on the melodramatic, which, as a writer, I abhor as much as anybody. But if there is any melodrama in it, it lies in the facts and not in any of my words. The facts speak for themselves. Had Russia done what China has done and fought Japan to a stalemate in a three-year struggle, we could do no less than concede to her the status of a first-class power, which we now take for granted. The important question is not how these facts tickle our senses, but who are going to win--the Axle powers or the Axis powers? And how are we going to set about planning a victory strategy for the Axle powers?

NO BACKYARD FIGHT. I have just returned to this country from Chungking and perhaps I have been infected with the spirit of national self-confidence and good cheer in free, fighting China. But perhaps for that reason I may be allowed to say something; for myself, I must say it, as an ordinary Chinese citizen viewing with intense concern all that is happening in my country and in the world. The impression that China is merely having a backyard fight with some one somewhere remote from the world is created by the Chinese refusing to say anything about that fight. Except Mme. Chiang, few people seem to be willing to say anything. For every twenty times Suma says something out of Tokyo the Chinese Foreign Office spokesman speaks hardly once.

America has shipped war supplies to Japan for three years, and China has not been offended and has said nothing, as Suma would have been offended and said things if the same supplies had been given to China. The British closed the Burma Road and China was not offended and said nothing. A complete political earthquake shaking the whole world happened with Japan joining up with the Axis powers, and China still said nothing.

But there are things that must be said for China. Strange things have happened in the Far East. In 1900 the Boxers of Peking were out to drive the white man from Asia, and now in 1940 the souls of these Chinese Boxers have been reincarnated in Japanese soldiers and statesmen, who are out to finish the work started by the Chinese Boxers and kick the white man out of Asia, while China, by fighting Japan, is actually fighting to keep the white man in.

STRANGE CONDITIONS. The mantle of Prince Tuan, or rather his Boxer turban, has fallen upon Prince Konoye. In their fanaticism and their purpose, the Japanese

Boxers are no whit different from their Chinese forerunners of forty years ago. But while this war between the Japanese Boxers and the Chinese anti-Boxers is going on, the white man has looked on as if it were none of his concern.

And now stranger things still have happened. White man has risen to kill white man in Europe, and Hitler has officially blessed the Japanese Boxers in their mission of ousting the white man. I had thought Hitler was a strict Aryanist.

All through this, China has fought this war singlehanded, undaunted. She has not had the help she deserves. If anything, two democracies, France in Indo-China and Britain in Burma, have let her down. China can and will carry on the fight. But I repeat, she has not received the help she deserves.

What China needs to defeat Japan is very little. Fighting Japan in China is ridiculously cheap. China wants only 250 million dollars, in my estimate, for the entire duration of the war and for accomplishing the purpose of crippling Japan. That is no more than the price of three modern battleships and considerably less than what America is spending on unemployment relief for one single month.

China does not need food. After three years of blockade on the seacoast, we never hear of rations in free China, except in regard to gasoline and alcohol mixed with gasoline for motor transportation. Remember, China blockaded herself for 3,000 years before the Japanese started blockading her.

China does not need small-arms ammunition, which she can manufacture herself from raw material to finished products. China does not need man power or American soldiers to fight for her. Conscription in China has not even begun to touch the average family, and man power is as inexhaustible as ever. That is why China has refused all peace offers and is prepared to go on fighting until every Japanese soldier leaves Chinese soil.

NOT MUCH NEEDED. China needs only airplanes, oil and medicine. The sum of 250 million dollars will give us 1,500 bombers, or 750 bombers and 2,250 fighting planes, and we will furnish the pilots. With a rehabilitated air force, China need not fight under the tremendous handicap of enemy control of the air, with spotting of army concentrations and bombing of civilians.

Also, for an effective Chinese counter-offensive, it is essential to cut or paralyze Japanese communications on the Yangtze. The penetration of Japanese warships and transports 600 miles up an inland river in enemy territory is unimaginable in any Western country, and with China's increased air defense would become at once untenable. With the communication line broken, how is Japan going to hold Hankow and the other Yangtze towns? That is why airplanes are China's greatest need.

China may not even need all those planes, progressively delivered in the course of years. What China needs, and Japan fears above all, is the full pledge of American assistance to see China through the war, and the moral effect this will have upon both China and Japan.

American assistance to China in the past was hampered by nothing else than the fear of offending Japan. Now that America has taken an open stand and does not care a rap about offending Japan any more the course is open for action.

Lin Yutang.

Los Angeles, Calif., Oct. 14, 1940.

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HELEN M. LOOMIS, SECRETARY

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(Please note bottom page 8 Frank Price's Letter)

E. H. LOCKWOOD'S FALL REPORT (Kukong, China)

There is so much of the abnormal in the life of this city that in the clear light of day what is, seems the thought of a disordered mind. It is early in the morning - not yet six o'clock. Under normal conditions a time when the Chinese of the city would be busy preparing their morning food before a day of work in home or shops and offices. Such is not the case today nor has it been for nearly two weeks. The city lives fastened in a fear of destruction which controls all action. A week ago last Tuesday Japanese planes bombed the city and again on Thursday this week. On both days many houses were destroyed, many people injured or killed. The number of casualties would have been even greater if people, urged by their fears and the orders of government, had not vacated the city. They have fled from their homes because they know the city is almost undefended.

The present fear is based partly on what happened in Hengyang, the railway junction 120 miles north of here in Hunan. Recently Japanese planes in a series of raids destroyed most of that city, killing 2,000 and injuring 1,000 civilians. The Japanese there, as in their two raids here, have given up all pretense of bombing only military objectives. They have now the policy of terrorism of laying cities low in an attempt to break morale. In this they fail, for people who have recently passed through Hengyang say the city is a hive of business activity and that a new city is being built in the ruins of the bombed area. You cannot kill a spirit like this.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE; EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY
COMMUNITY CHURCH, SHANGHAI; PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI, CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING,
SZECHUAN. DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

ROUTING IN RAIDS

We leave the city of Kukong early in the morning and return at three in the afternoon. Then shops open, the streets are crowded and the owners of shops which have been destroyed receive what they can, the dead are buried and the injured cared for, telephone and light wires are repaired, the streets are cleaned and stories are told of the day's adventures, if there have been adventures.

After a bombing raid on Thursday I passed as I came into the city a woman, evidently of the working class, sitting at the head of a rough pine wood coffin by the side of the river, sobbing bitterly, while by her side, a man, evidently a laboring man, seeking to comfort her. This woman is typical of the people who are most affected by Japan's attacks on China. Poor people, people who are on or near the hunger line of existence, who want nothing more than to live and support families in a meager way, whose lives suffer because military generals seek advantage in conquest.

In Europe bombing of civilians is bad enough, but London and Berlin have means of defense and attack. It is not so one-sided. Here in this city we can only escape to the surrounding hills and wait, wait while we know there is no means to protect homes, lives and property. How helpless we are in the face of attacks by 20th century weapons of attack.

77 planes flew over Thursday, dropping over 200 bombs. If they were not so horrible these modern silver-colored machines shining in a summer sun would be beautiful in their precise formations. In the hills about the city 10,000 of men, women and children huddled by the side of graves, under trees, in ditches watch in an agony of fear, made silent by approaching disaster, wait helpless until they hear the explosions and the sound of departing planes has died out. The only protest of the attacks are a few anti-aircraft guns which fire occasionally in feeble protest.

The danger past, the population which has been trying to hide, runs out in the open laughing, as Chinese can even in trouble, but wondering if the homes hit are their homes or shops. The sense of relief of escape is enough at first to kill the thoughts of worry about possessions which come later. Thursday I heard a conversation. A young wife said to her husband: "Let us hurry into the city and see our house". "Why hurry", he said, "perhaps the house is blown to bits". A third man, evidently a stranger, said, "Do not fear. Heaven protects the lucky man". All of us joined in the laugh.

But there is no laughing while planes are overhead. Then it is terror. Thursday I was in a trench at the foot of a hill while a young wife, her baby on her lap, moved her lips in a Buddhist prayer, while the planes roared overhead. Buddha would not know that his name would be used to give comfort in the face of such a mechanized danger.

AMERICA'S PART - FRIENDLY OR NOT?

Last week when 70 buildings were destroyed, 40 people killed and 50 some injured in a raid I was in a trench on top of a hill overlooking the city. It was a safe place but we all were frightened as we heard the roar of motors. The sound of released bombs passing in mid-air and then the roar of concussion in the city below us. Rising from the wrecked position which instinctively I had taken I looked down on the city after the explosion and saw clouds of dust arising from ruins. A young man next to me in the trench looked down as I did and said to me in a not unkindly way, "Your country makes money out of this". It was like a stab of a knife but I

could not resent what he said. I could only say, "Yes, you speak the truth." No more was said by us, but if I had been in his place I think I would have said more. A Chinese who had heard our remarks, a man I did not recognize but who knew me, said to the crowd in the trench who was listening: "It is true some Americans make money out of selling war materials to Japan. But only a few do. Most Americans are friends to China. They would stop trade with Japan if they could control government but rich people there, as here, have too much power. This man, (pointing to me) represents those Americans, Christian people, who want China to win in her struggle for freedom. Lok Oi Wa (that's me) has done much for China in his work in the Y.M.C.A. and he is sent here by American friends to help us." I said I could do little but what I did was my duty and I wished I could do more.

How much of our Christian work is like this! Our merchants buy and sell with Japan, making it possible for Japan to murder and we send a few men of good-will like myself to represent the minority opinion. But in spite of my feeling of helplessness as I looked down on a bombing city in the summer sun light, I thanked God that morning that the YMCA makes it possible for me to be here. We may be the minority but only in Christ's way can a better way be found out of today's horrible destructiveness. And I wish, as I stood on that hill side that friends from Allentown, Boston, Detroit, Indianapolis, Cleveland and many other places could have stood with me to see the vivid contrast between Christ's way and the way of destruction. We must keep our work going even in the dark. As we stood there two workmen, wet to the skin, came near us. Shaking with excitement they told us that when crossing the bridge below us, bombs had dropped on the bridge and they had dropped into the water.

OFFICE BOMBED

When I came back to the YMCA I found a bomb exploded near the YMCA had blown open the door of my room but there had been no other damage to the property except that a few large stones had fallen through the roof of the church behind our building. But the damage was greater on Thursday of this week. Bombs had fallen on four sides of our building. Plaster was off my ceiling. I can see daylight through the roof. Debris has made huge holes on the roof of the church. Windows are blown off the main building, plaster is down and the area about the buildings was covered with broken bricks and tiles. My room has been cleaned but it still needs more cleaning. I have packed up most of my few possessions and have moved them to a matshed on the other side of the river where it is safer. I sleep here at nights but move out in the daytime with the rest of the population.

BUILDING FOR THE FUTURE

We have an office on the west bank of the river where I meet friends and make plans for the future. We still hope to open our vocational school in September and have been completing plans for this project during the past week. This planning for the future is amazing in the midst of destruction. I was in our office on the night of the day when we had the serious bombing of last week. No electric lights because of broken wires. As I stood at the desk two different persons, a young man and a young woman, came to ask when our English classes would open. We had a lecture in our lecture hall that night. Our library was full of readers. The building was full of visitors.

The bombing of Thursday of this week was more serious than that of last week. Our building, as I have said, suffered great damage. But an artist opened an exhibit of his pictures in one of our lecture halls - some propaganda pictures, others showing only the beauty of hills and streams of Chinese art. Some of the plaster on the

ceiling of the room half hanging to be jolted loose by the janitor to make sure it would not fall on the heads of the visitors. But the pictures were hung and last night the room was full with a merry group of visitors, for whom, for the moment, art was more interesting than stories of escape from danger. The spirit of man cannot be destroyed by terrorism!

As I passed out of the city yesterday on the roof of a new theatre building damaged by a bomb, I saw workmen repairing the damage. The building had been damaged before it had been ready for use. Most people have already left the city this morning. But I can hear the sound of a hammer. Some man is building a shop or repairing damage. On the west bank of the river are many carpenter shops busy all day making timbers for new buildings even in these days of destruction. Hearts are full of fear but people plan for the future. Mails are delivered each day. The policemen stand on duty even during raids. I look each day to see a policeman with whom I exchange greetings is still at his post after a raid. So far he has always been there to return my greeting, but he said on Thursday that he had been near death. It had "touched him", but had not taken him.

SUMMARY OF CHINA NEWS

Far Eastern news for the past fortnight was overshadowed by the Italo-Greek hostilities and the American Presidential election. But during this period China scored a major military victory in the 40-month-old war by recapturing Nanning, capital of Kwangsi Province, which led to wholesale Japanese withdrawal from South China.

CHINESE VICTORY IN KWANGSI. The recapture of the strategic city on Oct. 28 culminated a week of successful Chinese counter-attacks and followed immediately on the heels of a Japanese shift in war plans, preferring Kwangsi to Indo-China as a base of further invasions. This rendered ridiculous a statement issued by the Japanese South China command that the Japanese forces are evacuating Nanning "on their own initiative."

As Chinese forces reentered Nanning on Oct. 29 amidst general rejoicing of the populace, other columns swept on, pushing the retreating Japanese southwest to Chennankwan on the Indo-China border and directly south to Yamchow on the sea. Retaken almost simultaneously with the provincial capital, were Lungchow, Mingkiang, Suilu, Shanyu, Sichang and Pinhsiang - strategic points on or near the Nanning-Chennankwan and the Nanning-Yamchow highways.

Thus ended disastrously the Japanese Kwangsi campaign which began a year ago and employed about 114,000 troops in its operations, 74,000 of which were reported lost through death, injury or illness.

Meanwhile, Chinese regulars and guerrillas continued successful counter-offensive all along the 1,500-mile front. In Central China, the defenders were closing in on Ichang, and the Japanese made ready to abandon this important Yangtze River port which, with Nanning, represented the main Japanese military accomplishment of the last 18 months. In East China, foreign reports confirmed the re-occupation by the Chinese of Shaohing, noted wine-making center in northern Chekiang Province, from which the Japanese withdrew with heavy losses into Hangchow.

JAPANESE QUIT MANY FRONTS. In the Japanese "voluntary withdrawal" from the Nanning area, 7,000 troops had reportedly sailed from Haiphong, Indo-China and another 10,000 had departed from Kwangtung coast. By November 4 evidence was increasing that the Japanese army was carrying out a wholesale retreat from several of its advanced positions in south and central China. Reports on November 3 disclosed withdrawal of Japanese garrisons from Waichow Island off southwest Kwangtung and from Namon Island, east of Swatow. The following day there were reports of similar Japanese evacuations of the Chungshan district, across the river from Hong Kong and of the port of Swatow, northeast of Hong Kong. Indications were that the invaders might abandon Canton itself, while departure of Japanese residents from Hong Kong was accelerated.

Elsewhere, the Japanese prepared to quit two important Yangtze ports: Yochow, in northern Hunan Province, southwest of Hankow, and Ichang, west of Hankow.

Chinese commentators saw in these withdrawals a Japanese plan of shortening their lines drastically which, in turn, indicated Japan's shortage of troops as well as the effectiveness of Chinese military strategy. As there was heavy concentration of Japanese troops on Formosa and Hainan Island, another speculation points to a desperate Japanese attempt to seize Singapore or the Netherland Indies before joint British-American pressure in the Pacific causes Japan's collapse.

POLITICAL FRONT: JAPANESE EFFORTS. The as yet unexplained Japanese withdrawals on the Continent were reflected sharply in the dilemma which Tokyo now faced in attempting to settle the war. In recent weeks Japan's political front was characterized by frantic moves in all directions, including substantial offers to Russia in return for a non-aggression pact, negotiation of which is still under way in Moscow; apparent unwillingness to aid Italy in the Near Eastern conflict; general eagerness to forget the Axis alliance and concentrate on modifying the British-American stand in Asia; alternate threatening and cajoling the United States; and another of those abortive peace feelers advanced periodically in the hope of their acceptance by the Chinese Government.

Specifically, Premier Konoye and important Japanese cabinet, army and navy officials were reported undecided over two courses of action: (1) Recognition of the Japanese-sponsored puppet government at Nanking, or (2) Postponement of the recognition in favor of continued efforts to win a peace from Chungking, and of Japan's southward expansion. On November 6, a secret conference was held in Tokyo to make "important" recommendations as to Japan's future policy. As United States and Great Britain further tightened defenses in the Philippines, and at Hong Kong and Singapore, Japan's choice, the words of Hallet Abend, reporting to the New York Times from Manila, is between "gradual retreat" and "national hara-kiri" through a showdown.

THE THIRD TERM AND U. S. POLICY. President Roosevelt's reelection for a third term was interpreted as, among other things, a popular vote of confidence in recent American foreign policy, which includes Pacific defenses, aid to China and firmer attitude toward Japan.

As the result of the American Presidential election was greeted with enthusiasm by high Chinese officials, who regard Mr. Roosevelt as a friend of China and an opponent of Japanese aggression. In Tokyo, commenting on President Roosevelt's reelection, Foreign office spokesman Suma said: "Reorientation of the United States Far Eastern policy is absolutely necessary" and "should be one of the first tasks of the returned administration." Though asserting Japan's policies would remain

unchanged, Japanese opinion ill-concealed an uneasiness and fear of conflict with America.

With post-election announcement from Washington of increased aid to Britain, it was apparent that, so far from "reorienting" its foreign policy, the United States intends to redouble its energy along lines already followed. A London report on November 7 disclosed an agreement "in principle" among the United States, Britain and Australia on defense cooperation in the Pacific, which observers believe provides for use of Singapore and Australian bases by the U. S. Fleet. Along with Japanese peace overtures, a Japanese rumor that the United States was concerned over China's alleged leaning toward the Axis powers was promptly denounced at both Chungking and Washington. Instead, however, there had been much advocacy among prominent Chinese and Americans of closer British-American-Chinese cooperation, even an alignment, in hastening Japan's collapse.

JAPAN SEIZES SHANGHAI COURTS AND BANK. While floundering in major policy of conquest, the Japanese persisted in their lawless acts. On October 29, Japanese warplanes shot down a Hong Kong-Chungking passenger liner and killed, among others, the American pilot, W. C. Kent.

The gradual Japanese domination of Shanghai's foreign settlements in behalf of the puppet Nanking Government was furthered by two important steps. On November 8 a Japanese official announced the taking over from the French Concessions of two Chinese courts, with jurisdiction over half a million Chinese residents and thousands of Europeans not enjoying extra-territorial privileges. The report was denied by Chinese officials in Hong Kong. The next day the Japanese seized control of the head office of the Central Bank of China with the intention of opening a new bank for the puppet regime to undermine the Chinese national currency.

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CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

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November 29, 1940

Have you sent
your contribution?

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MORE CAN BE DONE FOR CHINA

Many basic war supplies - copper, finished steel, lead, ferro-alloys, oil, ordinary gasoline, motor vehicles and other machinery - are still going to Japan without restriction and in large quantities for use against China and for further military adventures. These purchases are still financed through the unrestricted sale of Japanese goods in the American market. And China urgently needs more help now if her resistance is to continue firm and strong; how important that resistance is to America and Britain is shown by recent events. The following points are suggested for your reference in writing further letters now:

1. Is it true that Japan is still purchasing, without restriction, large quantities of basic war materials from the U. S., and that these purchases are still financed through the unrestricted sale of Japanese goods in the American market?
2. If 90 per cent of the American people (according to the latest Gallup poll published on Oct. 20, 1940) would like to see the present embargoes on war supplies to Japan extended, then why is not further action taken?
3. Since Japan has joined the Axis powers in an alliance clearly directed against the U. S., is it not in the interest of our own security to stop furnishing to Japan extensive war materials for possible future use against us?

(Continued on page 5)

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE: EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY
COMMUNITY CHURCH, SHANGHAI PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING.
SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

SUMMARY OF CHINA NEWS

From the Far Eastern angle, Premier Molotov's November 13 visit to Berlin had caused much suspense. This was soon dissipated, however, when after two days' conference between Hitler and the Soviet Premier, Russia's adherence to the Germany-Italy-Japan alliance failed to materialize. Nor did the meeting provide any new impetus to the negotiations of a Soviet-Japanese non-aggression pact, the progress of which has not been reported on from Moscow for the past fortnight. On November 15, the Soviet Tass news agency issued an official statement denying reports that Russia had pledged to Japan that she would cease military assistance to the Chinese Government in Chungking. Thus recent developments leave Japan where she was, between an illusory Russian friendship and a real fear of the United States, in her attempt to end the undeclared war in China and press for further southward expansion.

SOUTH OF CHINA: JAPAN THREATENS SAIGON. Meanwhile, news reports from Shanghai, Hong Kong, Singapore and Hanoi continue to stress Japan's readiness to strike somewhere in Southeast Asia. The two possible objectives most frequently mentioned are the Netherland Indies and Singapore, to which base Air Chief Marshall Sir Robert Brooke-Popham was newly appointed as Commander in Chief of Britain's strengthened Far Eastern Forces. These conjectures stem from the fact that Japanese troops have effected large scale withdrawals from many war zones in China, and from a theory that Germany is expecting her axis partner to extricate herself from China in order to become more of a threat to Britain.

Japan's immediate objective turned out to be Saigon, chief French colonial port on the southern tip of Indo-China. Having obtained important footholds in northern Indo-China, the Japanese have been putting renewed pressure on the local Vichy representatives for additional military concessions. With large concentrations of troops at Hainan, Haiphong and Kwangchow, the Japanese demanded the right to occupy Saigon, which is 630 miles from Singapore. By November 19, Japanese warships and transports were reported off the port city.

JAPANESE RUMORS FROM THAILAND. The month-old border dispute and incident between Thailand (Siam), and Indo-China again figured prominently in Japanese rumors. On November 17, Japanese sources reported an outbreak of war between Thai and French border forces, but this was officially denied at Bangkok and Vichy. On the same day a Japanese Domei news agency dispatch from Bangkok told of a secret American-British-Thailand joint defense pact by which the democracies would seek to wean Thailand away from Japan's influence. It was alleged that Britain had offered a \$20,000,000 loan and United States armaments in return for Thai friendship. While the Tokyo press voiced great "indignation," in Washington, acting Secretary of State Sumner Welles stated that there was not a shred of truth in the whole story.

JAPAN GETS INDIES OIL. In the midst of hopes for further Anglo-American economic sanctions on Japan, an agreement was reached with the Japanese by American and British oil interests by which Japan will receive a substantial increase in its imports of Dutch East Indies oil and gasoline. The transaction, which does not include supply of high-octane aviation gasoline, was secured under the jurisdiction of the Netherland Indies Government with the approval of Washington and London. Observers believe this partial Japanese victory had temporarily averted a military crisis in the Pacific, but opened way to even more oil supplies for Japan in the future.

In matters of general defense against Japanese aggression the Netherlands Indies remained hopeful of an American-British-Australian arrangement in the Pacific

providing for joint use of the Singapore and Manila bases. The Pan American Airways is reported planning to extend its trans-pacific network from Manila to Singapore, thereby bringing the British naval base within a week's flight from Los Angeles. Not to be outdone, the Japanese also announced extension of the Japan-Formosa air route 1,730 miles southward to Palau, in the Japanese Mandated Islands, directly crossing the Pan American route.

IN CHINA: YAMCHOW RECAPTURED. Continuing their victorious drive from Nanning, the Chinese troops reoccupied the port of Yamchow on November 13. Last winter Japanese efforts to launch a counter-attack belied the Japanese statements of a "strategic withdrawal" from Yamchow and other parts of southwest Kwangtung Province. In Central and Eastern China, Chinese counter-attacks also closed in on many key cities from which Japanese troops were making withdrawals. There have been no air raids on Central China for two weeks, and a Chungking report said two-thirds of the Japanese air force had been sent back to Japan for overhauling. Japanese planes based in Indo-China continued their attacks on Kunming and other Yunnan cities; but official and news reports there said thousands of tons of cargo are being handled daily in both directions on the Burma Road.

JAPAN AGAIN SEEKS PEACE. From Tokyo came an announcement on November 13 that "complete agreement on a new Japanese effort to settle the China affair" had been reached at the much talked-of Imperial conference. The conference was attended by Premier Konoye, Foreign Minister Matsuoka, the War and Navy Ministers, and other high officials, and was at first expected to approve a report for the recognition of the puppet regime at Nanking.

On November 18, however, Tokyo reports revealed that the all-important decision reached was again to seek direct peace negotiations with the Chinese Government at Chungking. This marked the second peace overture made by Japan in less than a month. This time, it was reported Japan will offer "very liberal terms," accompanied by the usual threat that should efforts to negotiate with Generalissimo Chiang Kai-shek fail, Japan will then recognize the Wang regime.

As before, Chungking was reported as taking the attitude that any Japanese peace effort on a basis other than "complete and unconditional withdrawal of Japanese forces from all China" would be rejected. Foreign Minister Wang Chung-hui, informants say, considered the latest Japanese move designed to create a false atmosphere beneficial to Japan's immediate purposes of weakening British-American assistance to China and of placating Soviet-Russia. With China's morale at its highest, the nation is ready to fight on indefinitely and will frown on a premature peace until a clear-cut victory is won not only for China but also for the democracies elsewhere. It is believed that Generalissimo Chiang leads in the conviction that China's honor as well as her chances of freedom and survival are inextricably bound up with the world struggle at large.

IN JAPAN: "New National Structure." The 2,600th anniversary of the Japanese empire was celebrated amidst internal political tension and dissension over foreign policy. In an uncensored article (Nov. 23) written upon his return to the United States, Wilfred Fleisher, for nine years Tokyo correspondent of the New York Herald Tribune, revealed conditions of increasing unrest inside Japan. Mr. Fleisher told of serious differences existing between factions of extremists in Japan with "no possibility of any return to liberalism for a long and indeterminate period." While one faction would maintain Premier Konoye as national leader under the Emperor, the writer stated, more extreme elements urge an outright military dictatorship and a re-

turn to the Shogunate days. Disagreement as to the working out of the "new national structure" might well result in the wrecking of the Kenoye government and possibly revolutionary outbreaks and new assassinations. In the cleavage on foreign policy, the article points out that there are strong elements in Japan both for and against a pact with Russia, and for and against outright invasion of the Dutch East Indies.

On November 10, United States Ambassador Joseph C. Grew conferred with Japanese Foreign Minister Matsuoka in what was described as "extremely friendly atmosphere." Admiral Kichisaburo Nomura, former Foreign Minister known for his pro-American sympathies, was expected to be appointed the new Japanese Ambassador to the United States. These events kindled hopes for easing of American-Japanese strained relations, although Mr. Fleisher reported a recent interview he had had with Matsuoka in which the Japanese Foreign Minister held out little hope for peace with the United States.

MORE AMERICAN AID TO CHINA. In an address on November 14 before the New England conference of businessmen, Secretary of Navy Frank Knox placed aid to China as only second in importance to helping Britain. Calling Japan a nation "now dominated by a secret cabal of military officers, who rule it," Secretary Knox emphasized "our concern over the Chinese people and the fight they are making for their liberty in the Far East in its relation to our safety." He added the hope that "we will soon come to have as unanimous a public opinion in favor of helping China in every way that we possibly can as we now have toward helping Great Britain."

That this hope may soon be realized in action by the Administration was reported in a Washington dispatch (Nov. 18) by Joseph Alsop and Robert Kintner, correspondents, regarded as close to the State Department and White House circles. According to the article, Dr. T. V. Soong, who has been in Washington since June to appeal for aid to China, will soon be granted his request for \$200,000,000 credits and a maximum of 500 planes. With this additional aid, Dr. Soong is confident China could recover Hankow, Hangcho and other vital centers, and such Chinese counter-offensive, many American officials believe, would help the Japanese out of further adventures in Southeast Asia.

THE NEW ORDER AND CHINA'S CHILDREN

Edward H. Lockwood, Kukong, China

The "new order in East Asia" brings on suffering to the children of China. A few days ago I visited near Kukong 2,000 of the 10,000 children between the ages of eight and sixteen victims of Japanese militarists, who are being cared for in the camps for children established and maintained by the government of Kwongtung province. My guide was the wife of the Governor of the Province, Mrs. Lee Hon Man, in charge of this welfare work for needy children.

For these children the "new order in East Asia" has not meant security of life and property which the Tokyo officials say they have brought to China. For them it has meant broken homes, loss of parents, physical suffering. I know of no more vivid indictment of Japanese policy in the Far East than the faces of 1,200 children looking up at me as I stood on a platform in one of the camps. I wished I could have some of the smooth statesman of Japan there with me. I wished, also, that I could have a few of the scrap iron dealers and aviation gas producers of my own country to

stand with me and to realize what they have helped to do to childhood in China.

I saw thirty children ranging from seven to sixteen years of age arriving at one of the camps from a three weeks journey on foot starting from Japanese occupied territory. Barefooted, ragged, undernourished, they had walked twenty miles a day for three weeks, sleeping many nights out in the open with no blankets to keep them from the chill of these early autumn nights. They were in charge of a young woman who had risked danger to take them out of occupied territory and away from starvation. What does the "new order in the Far East" mean to such children?

Madame Lee and hundreds of associates, many of them young men and women, are doing admirable work in these camps for children. The camps are clean. There is unavoidable crowding in the dormitories but there is good order everywhere. On each bed are neatly folded the blanket and the mosquito net. By their side is a cup with a toothbrush in it and a box containing soap. I heard two hundred children singing. They sang well, their eyes following every move of their leader. All of the children, I was told, have lost both parents, many of them through bombing from Japanese planes.

The government spends a large sum of money for this welfare work. It costs \$8.50 to feed a child for a month. Counting all costs \$15.00 is needed for each of the 10,000 children. This is in Chinese currency. This means that a child needs each month less than a dollar, U. S. currency.

The courage and efficiency of the leaders of this province in relief of the suffering caused by the attempt of Japan to establish a "new order in Asia" arouses admiration. It is an answer to Japanese attempts to terrorize the people of China. The Chinese have the will not only to resist attempts at oppression but to care for children who suffer through bombing of civilians by Japanese bombers.

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(Continued from Page 1)

4. China, no less truly than Britain, has been fighting our battle, at tremendous cost and sacrifice, for over three years. She has been holding without wavering the democratic front in Asia, where live half the people of the world. Aid to Britain is mounting to vast proportions. By comparison, aid to China is still very small. Is not American aid to China - real aid, given as to a partner in the worldwide resistance to aggression - logical and imperative now?
5. Most Americans realize that this continent is an essential lifeline for Britain. Too few realize that India, Burma, Malaysia, the Netherlands Indies, Australia, and New Zealand are an almost equally vital lifeline for her defense. China, holding Japan in check, is still the principal defense of that essential lifeline. Is not greatly increased aid to China about the most important help that can be furnished to Britain at this time?
6. If you believe that citizens of your community would heartily welcome and support action along these lines, this is worth saying.

REQUEST FOR ACTION: Please spend an hour, immediately if possible, to write short letters to each of the following. Brief letters of one to four sentences stand the best chance of being read. The numbers after each name indicate the points above that may well be raised in writing to that person. It is highly important, however,

that each letter be in your own words and express your own feeling.

Hon. Franklin D. Roosevelt (1-2-3, or 4, or 5, or 6)
Hon. Cordell Hull, Secretary of State (1-2-3, or 4, or 5, or 6)
Hon. Sumner Welles, Under Secretary of State (1-2-3, or 4, or 5)
Hon. Henry L. Stimson, Secretary of War (6)
Hon. Frank W. Knox, Secretary of the Navy (1-2-3, or 4, or 5, or 6)
Hon. Henry Morgenthau, Secretary of the Treasury (4, or 5, or 6)
Mr. William S. Knudson, Nat'l. Defense Advisory Commission (1-2-3, or 4, or 5)
Mr. E. R. Stettinius, " " " " (1-2-3, or 4, or 5)
Hon. Jesse Jones, Secretary of Commerce (4, or 5, or 6)
Lt. Colonel Russell L. Maxwell, Director, Export Control (1-2-3)
(All of the above be addressed: Washington, D. C.)
Editor (of your own morning or afternoon newspaper)(1-2-3, or 4, or 5, or 6)

Write also to Hon. Wendell L. Willkie, 100 East 42nd Street, New York, N. Y.
asking for his statesmanly support along the lines of 3 and 4 above.

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EXTRACTS FROM WEST CHINA CORRESPONDENCE

Dryden L. Phelps, Chengtu

CHINESE SPIRIT. A foreigner, returning from Chungking a few days ago, witnessed the fearful bombing of that city. He remarked, "Many of the fine buildings are now in ruins. When the preparatory sirens sound, the government officials just go on quietly working in their offices. Then at the final siren, ten minutes before the actual raid begins and the bombs explode, they calmly gather up their papers, descend to the granite dugouts where clerks and typewriters are working away, and go on with their duties. It is absolutely impossible to smother the Chinese spirit. The Japanese planes destroy buildings, but consolidate morale."

CHRISTIANITY PENETRATES THE WILDS. By airplane and rickshaw, motor-truck, shoulder-borne mountain-chair, and shoe leather, Dr. Frank Price of the Nanking Theological Seminary (Chengtu Branch) and his colleague Marcus Cheng this summer entered the tribal recesses of southwestern China. Nights in wayside mud huts, days on rocky roads, brought them to the Rural Conference at Chao-t'ung. The journey ended in a strange climax: two hundred Miao tribe Christian boys and girls, dressed in their white costumes, come singing a welcome of mountain ballads and hymns; the glens echo and re-echo with the glorious harmonized melodies - such singing as can be heard nowhere else in China, the oriental counterpart to negro and Welsh music.

The tribal peoples of China's vast western borders from north to south number some thirty millions. But now they are learning Chinese, and realizing that their destiny lies with the Chinese Republic. Impregnable castles crowning the rocky gorges and feudal barons controlling impoverished serfs on mountain estates, are remnants of the old order which is yielding before the new day. The Chinese Government has made extensive grants to the Church of Christ in China for the rehabilitation of life in the border country. This summer one hundred Christian teachers and students walked a ten-days' journey to their posts of social and medical service among the tribes.

Dauntless missionaries of the English Methodist Church have initiated a mass movement which has brought nearly twenty-five thousand people within the fellowship of the Church. Sam Pollard's body rests quietly at "Stone Gateway"; his spirit speaks through the phonetic written language of "Pollard's Script".

To the CHRISTIAN RURAL CONFERENCE trekked one hundred and fifty preachers, teachers, and educated farmers, some of them seven or eight days on the road. From such a conference they carry away to their hill villages and upland homes: a new concrete vision of peace, health, and happiness in domestic and community life. Schools replace degrading ignorance; clinics cleanse disease-ravaged districts; churches become centers of music and a new moral life. Fruit and nut trees begin to clothe barren hillsides; valleys grow fresh varieties of vegetables; finer breeds of animals and poultry, cooperative societies and home industries, wiping out of bandit herds and the opium traffic - these are some of the concomitants of "the Gospel" to a people whom the new railway will soon link to the outside world.

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CHINA TO HAVE BETTER HOSPITAL FACILITIES

In the effort to make Reconstruction efforts cover all lines of activities, the Chinese National Government is providing subsidies for non-Governmental hospitals. The subsidies are to enable such hospitals to care for wounded and sick soldiers and refugees. The funds are to be distributed through the National Health Administration and amount to \$ 100,000 N.C. a month. Hospitals are subsidized on the basis of their monthly returns. One dollar a day is granted per in-patient, and twenty cents per out-patient. Beside cash, also medical supplies are granted up to an amount of \$ 3,000 a month.

Throughout fourteen provinces in Free China, there are 110 hospitals with a bed capacity of 7,500 which are concerned under this scheme. Seventy-five per cent of these hospitals are Mission institutions.

It is also interesting to note the results gained in checking "summer diseases," especially cholera, through the joint efforts of the National Health Administration, the Army Medical Service, the Ministry of War, and the health department of the Military Supplies and Transport Board. Especially good results are reported from China's Southwest.

Better health facilities are increasingly assured through local manufacture of drugs and medical instrument.

In Chengtu, Szechwan, the value of medicines, chemicals, and surgical instruments turned out by one firm amounts to \$100,000 within eighteen months of production. This firm specializes in medicines and instruments for veterinary use.

YWCA PROMOTES COOPERATIVES. The honor of being a pioneer in women's industrial cooperatives in Chengtu goes to the local Y.W.C.A. which has two such coops under its supervision, one on sewing and toy-making, the other spinning and weaving. The first-mentioned cooperative celebrated its first anniversary on September 9th with playlets and songs advertizing the the better, cooperative, way of living. An exhibition of the work done included students' uniforms, children's playsuits, toys, and embroider work. The output of the women's sewing coop for the past year amounts to \$25,000 in value, with a profit of ten per cent made.

The YWCA cooperatives are affiliated with CIC(Chinese Industrial Cooperatives) but have also received support from other circles.

The sewing cooperative has twenty-one women members, six probationers, while the spinning and weaving cooperative, only established this year on September 1st, has sixteen women members. Training took five months altogether, the first two months being devoted to spinning, while the latter three months were taken up by weaving.

Two hours' schooling are being given each day to the members of these women cooperatives, cooperative principles looming large aside from general educational subjects. Among the promoters of the YWCA cooperatives, Mrs. James Y.C. Yen has been instrumental in securing financial assistance. Mrs. Yen is the wife of the founder of China's Mass Education Movement and has herself been active in educational work.

CHINA CARRIES ON HIGHER EDUCATION. Making a far southward trek, the laboratories of the National Peiping Research Institute have been re-established in Yunnan province. The Institute employs over eighty experts in its seven departments for research in physics, chemistry, pharmacology, physiology, botany, history, and radium. Originally it had been operating in Peiping since 1929.

Such transfers as the Institute has had to make because of Japan's invasion are a costly venture. And aid is needed not only for the institution concerned itself but for its students who may be cut off from their families. At present, the Chinese National Government is subsidizing thirty thousand students in colleges and middle-schools throughout Free China. This involves a yearly expenditure of over \$5,000,000 N.C.

Practically all the students thus supported come from war-zones and are deprived of ordinary sources of income. Without Government aid, they would hardly be able to keep body and soul together, not to speak of receiving a higher education.

Supplementary to this Chinese Government aid has been support given by the National Student Relief Fund in Shanghai. This organization has so far helped 8459 students with a total sum of \$276,777 N.C., the funds coming from the Far Eastern Students Service Fund in New York, the International Students Service in Geneva, the American Advisory Committee, the National Relief Commission, the Canadian Far Eastern Service, and other gifts sent directly to China.

The National Student Relief Committee was formed in Shanghai in March, 1938, superseding an earlier committee for student relief work consisting of Chinese college administrators and YMCA and YWCA secretaries. The National Student Relief Committee has so far received \$217,408 from the American Far Eastern Students Service Fund alone. This fund was created during the first year of war in China and has branch committees functioning in all important cities and educational centers of Free China. These committees keep in touch with the successive waves of student migrations from coastal regions to the interior. The most recent development in support for Chinese students is the willingness of friends of China in the United States to become guarantors of individual Chinese students, thus making for closer relationships. The China Club of Seattle, Washington, has been the most active in this direction.

Smaller provincial educational institutions have taken on new life and importance during the war. For instance, Kwangsi University has become an important educational center in China's southwestern province since it was made a national institution in 1939. The enrollment stands at over eight hundred students, less than half of whom are natives of Kwangsi. The rest come from eighteen different provinces, including Manchuria. The University has three colleges: Arts, Science, and Agriculture. Apart from Law, Political Science, and Economics, the Arts Department also runs courses in Banking, Accounting, and History. The Science College teaches mathematics, physics, Chemistry, Civil, electrical, and mechanical engineering, mining and metallurgy. The Agriculture Department also trains in forestry and animal husbandry. It also runs a botany research institute. Upon request of the Hunan-Kwangsi Railway Administration, University authorities are adding a department of Railway Engineering.

The University of Kwangsi boasts of its own power-station, water system and hospital. It has laboratories for various scientific experiments. Its budget for 1940 is \$1,280,000 N.C. which is to come from the national treasury.

Agricultural development is one of the big items on China's national reconstruction program. The Agricultural Department of West China Union University in Chengtu has been active in acclimatizing and cross-breeding plants and animals from foreign lands. The most recent addition in this field is an apple variety called "Golden Delicious" which was introduced to China by Professor Frank Dickinson.

Dr. Dickinson has endeavored to grow foreign apples in West China since 1922, bringing several trees of the Grimes Golden variety with him. This variety alone is estimated to have brought an income of \$250,000 this summer. Apples are now being grown in many orchards around Chengtu, due to the influence of the agricultural department of West China Union University under Dr. Dickinson.

GUERRILLAS MAKE MOUNTAINS SACRED. China old sacred mountains have been religious sanctuaries, famous for scenic beauty and historical interest. Poets and philosophers made these mountains their retreats, while tourists have gone in search of beauty and quietude. This war has added a number of new "sacred" mountains where China's resistance is carried on from hilly retreats of guerrilla fighters. Already one of the five traditional sacred mountains, Taishan in Shantung province, is a stronghold of guerrilla fighters in the Tsinan area. Another mountain sanctuary Hunshan on the Shansi-Hopei-Chahar border harbors mobile units fighting in the area west of Peiping.

A new sacred mountain, sacred for its refuge to fighters for China's freedom, has been added in the form of the 2,200 meter peak of Yingshan, north of the Yellow River in Suiyuan Province. Formerly this mountain protected the Suiyuan capital and the Peiping-Suiyuan Railway from the fierce winds coming from the Gobi Desert. Now it is the haven of 10,000 Chinese guerrilla fighters known as the Suiyuan People's Self-Defense Army. The richness of the surrounding region in coal, salt, cereals, and sheep keep these fighters well supplied. And their frequent raids on Japanese-garrisoned places along the railway have won for Yingshan the name of "a dagger thrust in the Japanese paw".

Another mountain on the Hupeh-Anhwei border has been one of China's guerrilla bases in centuries past. After the downfall of the Ming Dynasty in the 17th century, Chinese patriots who refused to be ruled by the Manchus chose Tapashan as their new location and established forty-eight castles which enjoyed a sort of semi-independent rule in the region. A full century later only the Manchus extended their rule to this mountain range. Today, thousands of China's fighters are holding out on the same mountain range against Japanese invasion.

Thus, China new and old is bending all her efforts to retain her own soul in the face of ruthless aggression and slaughter.

AMERICAN AID TO BRITAIN, AMERICAN PRODUCTION FOR DEFENSE AND THE FAR EAST

The following letter to editors, written by Earl H. Leaf, has been received by China Information Service;

"During a recent study of newspaper editorial opinion about World War II with particular reference to the Far East I noted several editorials, including one of your newspaper, expressing the possibility that American aid to Britain would be halted or

seriously curtailed if the United States becomes involved in war with Japan. Some editors feared we would be "playing Hitler's game" by permitting our attention to be diverted from Europe to the Far East.

"If the Reichsfuehrer hopes to involve Japan and the United States in war for the purpose of halting or curtailing American aid to Britain, he is a victim of fatal miscalculation. Every shred of evidence from Washington shows that our aid to Britain as well as to China, could and would be increased rather than decreased.

"I have just returned from Washington where I made a careful inquiry into this matter. Unfortunately I am not permitted to reveal some of my sources of information but I can say they are the same high sources, directly concerned with national defense production, that provide the Chief Executive with his information on this subject.

"Several factors should be considered:

"1. Great Britain needs supplies and equipment for its ARMY and air force. The United States, in case of war with Japan, would require supplies and equipment for its NAVY and air force. The Navy would expect to carry the war to the Far East rather than waiting for the Japanese to carry the war to our shores. Hence, most of the aircraft required would be seaplanes or planes light enough to be taken aboard aircraft carriers.

"Admiral William D. Leahy explained why American plane shipments to Britain need not be curtailed in case of war in the Far East.

"We will use exactly the planes the Navy has today. We cannot get any more on our carriers than we now have, so we cannot use any more until we build new carriers, and they aren't built fast. Britain can keep on getting planes.

"Major General George Fielding Eliot also points out that Our aid to Britain can continue, and increase; for that aid is little concerned with the Battle Fleet which would be our main contribution to the dissolving of the Japanese mirage. The bases, the troops, the land-based aircraft needed for this purpose would be largely contributed by Britain, Australia, the Netherlands and India; not to forget the stout-hearted Chinese army.

"2. According to present production schedules, deliveries of military aircraft excluding any Pacific war -- will next year be divided about equally between the U. S. and British forces. Only, therefore, if it proved impossible for the U. S. to maintain air superiority over the Japanese with 50 per cent of its production would the question of any interruption of deliveries to England arise. In this connection, it must be remembered that in case of war with Japan, all gasoline and war material exports to Japan would cease. Secondly, Japanese airplane production today is very small, Japan cannot depend upon its European allies to furnish finished planes or raw materials for plane production, and the Japanese air force is suffering constant losses in its war with China. The United States is at present superior to Japan in the air while Japan could not possibly produce a quantity and quality of plane to half our total production.

"Total production of U. S. aircraft factories is now around 900 a month, and will rise to 1,500 a month by January, and 2,500 a month by next autumn. Exports to England are slated at 400 a month now, 800 by January, thence rising steeply until by January, 1940, deliveries to Britain are expected to hit 2,000 a month with an equal number for our own services each month. Japan's airplane production is around 60 a month.

"3. Insofar as total war production is concerned, the Government estimate places the percentage of U. S. war potential necessary to fight the Japanese and re-arm the U. S. at 65 percent -- leaving 35 percent of total war output for export to Britain and China. This is sufficient to all three countries.

"4. The very existence of a state of actual war involving this country would immensely speed defense preparations -- possibly as much as 300 percent on present figures, with new plants being rushed, new skilled workers trained, etc., which would mean a huge increase in war potential. The net tonnage to Britain and China, therefore, would be even greater than at present.

"5. This government has a lively appreciation of the fact that no peace could be achieved if the war was won in Asia and lost in Europe. The fact that Britain, China and the United States are today formulating Far Eastern plans and strategy in the closest collaboration is in itself a guarantee that both Washington and London are satisfied that strength in the Far East does not mean weakness over the English Channel. Contrarily, if Japan is able to occupy Singapore and hold the Dutch East Indies, then Britain's life-line to the Pacific dominions will be cut, immeasurably weakening Britain's ability to defend itself or strike back at the European invaders.

"I hope this information will serve to clarify the situation and emphasize the fact that aid to Britain would be increased, rather than decreased, if this nation found it necessary to increase its war production to full capacity."

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CHRISTMAS CARDS

American Bureau for Medical Aid: The American Bureau for Medical Aid to China has a selection of Christmas cards for \$1.00 a box -- 12 cards in a box. Boxes of assorted cards are available, or three of the designs may be had by the box. Write to the American Bureau for Medical Aid to China, 57 Williams Street, New York, for cards or further information.

Church Committee for China Relief: Church Committee for China Relief offers a Chinese Madonna on green background as their Christmas card this year. These cards sell for \$1.00 a box. They may be ordered from the Committee, 105 East 22nd Street, New York, N. Y.

Chinese Industrial Cooperatives: The Chinese Industrial Cooperatives have a simple Christmas greeting without illustration, 24 to the box, \$1.00. Address orders American Committee Chinese Industrial Cooperatives, 8 West 40th Street, New York, N.Y.

TEA FOR CHRISTMAS:

Tea is sold for the benefit of Chinese war orphans by the China Aid Council, 200 Fifth Avenue, New York, N. Y. We suggest the sampler, four small tins of different teas, for \$1.25. Write China Aid Council for further information.

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EXTRACTS FROM RECENT BULLETINS OF THE NATIONAL CHRISTIAN COUNCIL

FOURTH WAR WINTER - SHANGHAI. The first sharp touch of winter weather came on October 24 and took its toll of undernourished victims. On October 24, 74 dead bodies were picked up from the streets, 48 of them children, and on October 25, 81 were picked up, of whom again 48 were children.

The prospects for the winter are exceedingly dark. The soaring prices alone would guarantee that, but from the various Salvation Army Preaching Halls throughout the city comes the word of thousands out of work. The coastal blockade keeps out raw materials, and this is resulting in the closing of many mills. Downtown streets at noontime are filled, not only with Chinese beggars, but with other nationalities as well. Here will be an Indian or Malayan family, out begging for the first time, and not knowing how to go about it. White women, down and out, are pictures of misery and hopelessness as they drag their bare swollen feet along. They are not of the most recent tide of European refugees. No European could have sunk to such a state in two years. These women must have been children when the Russians poured in 18-20 years ago. Somewhere in back alleys they have been existing until now, when prices are such that they can exist no longer, and emerge to the light of day.

THE CHURCH AND COOPERATIVES. A letter from a lady in New York state asks for information concerning the Church and Cooperatives. How naturally links are formed between the Church and Cooperatives is revealed in a letter from Miss Nowlin, in which she tells that the China Industrial Cooperatives in a certain place held their training classes just across from the Methodist Church. During their period of training, the girls in Weaving and Embroidery Cooperatives attended social functions in the Church and also the services. Now, on two Saturday afternoons in the month, the pastor holds a special meeting for the Weaving Cooperative, and on the alternate two Saturday afternoons, for the Embroidery Cooperative.

"Originally, none of them were Christians, but all are learning about Christianity and--if they keep on as they are going--I've no doubt but that a number of them will become Christians. They range in years from 16-30, and all have had at least primary school education."

The letter describes the beautiful tweed, 60 feet in length, for which stores in the city pay \$12 a foot.

YENCHING CARRYING ON. The Yenching News of October 12 quotes President Stuart as saying that while Americans with dependents, especially small children, might be preparing to leave disturbed areas, that Americans in general who are connected with Yenching will definitely stay at Yenching unless it should become physically impossible to do so.

SHANGHAI. Mr. Boynton last Sunday night said: "The suggestions of the American Department of State are being taken with becoming seriousness. Mission bodies, large and small, are meeting and making great decisions.....It is clear that many are determined to remain and take their chances with their Chinese colleagues, if they are permitted to do so. For many others the decision has been taken out of their hands and they are facing early departure with what composure they can."

NEWS OF CHENGSHA AND YALE MISSION HOSPITAL. A letter from Dr. P. F. Greene of Hsiang-Ya (Yale) Hospital, Changsha, dated August 30, reached Shanghai on October 12. Dr. Greene says of Changsha: "Two weeks ago, the population of Changsha was 280,000. Now it is 80,000, due to fear of bombing and the police pressure to evacuate. But it is a very busy place as far as our hospital work is concerned."

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Correction, Frank Price Letter No. 17: In reference to Miss Lu, she is a graduate of Ginling College and Peking Union Medical College Nurses Training School.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

\$4.00 a year
\$1.00 a quarter

ISSUE FIFTY FOUR
December 13, 1940

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CHRISTMAS GREETINGS

For the fourth time the China Information Service sends Christmas Greetings to those friends of China who have supported the Service by financing gifts and, even more, by using the information to make their friends more aware of the needs of China.

We wish to express our thanks for the large number of letters of appreciation which come from readers of the China Information Service. May we ask your continued support for the Service and for all good work for China.

We call your attention to the agencies through which you may send your Christmas gift to China: American Bureau for Medical Aid to China, 57 William Street, New York, N. Y. American Committee for Chinese Industrial Cooperatives, 8 West 40th Street, New York, N. Y. Associated Boards for Christian Colleges in China, 150 Fifth Avenue, New York, N. Y. China Aid Council, 200 Fifth Avenue, New York, N. Y. Church Committee for China Relief, 105 East 22nd Street, New York, N. Y.

"LIFE OF CHRIST" by Chinese Artists may be ordered from the China Information Service. Price \$1.00. Thirty cents from each copy goes to the Chinese Industrial Cooperatives.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE: EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL. FORMERLY
COMMUNITY CHURCH, SHANGHAI: PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING,
SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

SUMMARY OF CHINA NEWS

On November 30, Japan formally "recognized" a puppet regime of her own creation in Nanking. On the same day, Washington announced a new \$100,000,000 loan to the Chinese Government. Both events appeared to have the same effect of strengthening China's determination to continue resistance against Japanese aggression.

JAPAN SIGNS "PEACE" WITH NANKING PUPPET. After repeated failure to obtain peace from Chungking, Japan finally and reluctantly resorted to an act of make-believe. A treaty "readjusting Chinese-Japanese relations" was signed by "President" Wang Ching-wei of "The National Government of China" (set up March 22, 1940, under Japanese auspices) and Lieut. Gen. Nobuyuki Abe, special envoy of Japan.

The "peace treaty" provides that Japanese troops remain in China for two years after complete peace is restored everywhere in China; that Inner Mongolia and North China be made Japan's special spheres for defense against Communism; that Japan enjoy sweeping economic rights throughout China; that Nanking recognize Manchukuo and participate in Japan's "new order" in Asia. Observers believe that the arrangement revealed Japan's intent utterly to dominate China, and that it would be followed by increasing Japanese discrimination against British and American interests in China, under the name of the puppet Nanking "government."

The Chinese Government at Chungking, in a statement by Foreign Minister Wang Chung-hui, declared the event "a culmination of a series of aggressive acts on the part of Japan...to facilitate her policy of domination and expansion in the Far East." The statement characterized the Nanking regime as "a part of the Tokyo Government, planted on Chinese soil to be used by the Japanese militarists as an instrument for realization of their scheme." The Chinese Government declared Wang Ching-wei an "arch-traitor of the Republic" and offered a reward of 100,000 Chinese dollars for his arrest "for usurping the Presidency and signing with the enemy a treaty detrimental to China's sovereignty." The statement declared the so-called treaty devoid of legality and warned that China would sever her normal relations with any country choosing to recognize the puppet organization.

The only countries expected to recognize the Japanese-sponsored regime, Germany and Italy, as yet showed no disposition to do so. The United States, Britain and Russia officially made known that each of their governments continue to recognize Chungking as the only legal government of China. Secretary of State Cordell Hull recalled his statement of March 30 that the Nanking regime was Japan's puppet.

U. S. EXTENDS MORE CREDIT TO CHINA. More positive action to aid China, however, was taken by the United States as a counter move against Japan. Apparently timed to coincide with the signing of the Japanese-Nanking "recognition treaty," President Roosevelt made the announcement on November 30 that the American Government has arranged to extend another \$100,000,000 credit to the Chinese Government at Chungking. Of this amount, \$50,000,000 is from the Export-Import Bank, which China would use to buy American supplies (planes, trucks, foodstuffs, armaments, etc.) and which would be retired through deliveries of Chinese metals (wolframite, antimony and tin) needed in this country for the national defense program. Another \$50,000,000 is from the U. S. Treasury's Stabilization Fund to support China's currency against Japanese sabotage.

The proposed measure received a unanimous vote of confidence from the two monetary committees of Congress, two days later, when Secretary of State Hull and

Secretary of Treasury Henry Morgenthau Jr., appeared before them and sketched the Administration's plan and reasons for assisting China in her efforts to repel the Japanese invasion. Pleased with the Congressional reaction, Hull commented: "This is such a vital matter that it is the least we can do for the job that China is doing."

Chungking was jubilant over the new U. S. credit; a Foreign Office spokesman declared that it would give China "fresh impetus against the disturber of peace in the Pacific." A spokesman of the puppet Wang Ching-wei called the American move "an unfriendly and unjust reply...for the sole purpose of enabling Chungking to exhaust China's strength in useless conflict with Japan, while weakening Japan's position." Japan "had no reaction" to the American non-recognition of the Nanking regime and to the American credit move, "since both had been expected."

There were indications that the American action would influence both Great Britain and Soviet Russia toward further aid to China. Following a conference between Foreign Secretary Halifax and the Chinese Ambassador, Britain was reported considering going along on China's currency stabilization and other measures as far as possible. According to Tass, Soviet news Agency, the Russian Ambassador Constantin Smetanin had replied officially to the Japanese Foreign Office, on the Nanking-Tokyo accord, that "the policy of the Soviet Union with regard to China remains without change."

NOMURA APPOINTED AMBASSADOR TO U. S. Recent developments threw a damper on the flurry of hopes for improving Japanese-American relations, occasioned by the appointment of Admiral Kichisaburo Nomura as Japanese Ambassador to the United States. Admiral Nomura, who is known to Washington as a naval attache in the World War days and praised by Hull for his "wide grasp of international conditions," expressed his belief that there was no issue between the two countries that could not be solved peaceably. He had hesitated before accepting the difficult mission, the success of which, he said, depends "largely on Japan's continental and south sea policies." He will visit China before proceeding to his post in Washington.

JAPANESE HUPEH DRIVE STALLED. After recent Japanese setbacks on the war fronts, there was again much talk of a "general offensive" in the northern Hupeh area. One report on November 25 had the Japanese massing "many divisions" at Hankow preparatory to a four-way offensive to the west. By the end of the week, however, the new Japanese campaign had been shattered by Chinese counter-attacks. The Chinese military spokesman attached little importance to the latest Japanese military activities, which he explained as another one of those attempts by the invader to "clean up" the area on both banks of the Han River which invariably ended in failure.

JAPAN SEEN PREPARING TO STRIKE SOUTH. While border clashes between Thailand and Indo-China continued to rage, it was revealed in a London report (November 26) that Japan had made a new series of demands for air and naval bases in French Indo-China. These bases (including Saigon and other strategic positions on the South China Sea coast), it was observed, would enable the Japanese to bomb Singapore from the Asiatic mainland and threaten vital rubber and tin routes from the Malay Peninsula to the United States.

The general drift of Japanese influence toward the Malay States was echoed in the opinion of Chinese military experts in Chungking. A report (December 6) quoted a high authority there as expressing the belief that Japan was planning to use ten divisions in her southward operations. Seven of these divisions, concentrated variously on Hainan Island, Formosa and other bases, were said to have been undergoing training by German military experts in "blitzkrieg" tactics, to be ready for a dramatic thrust possibly in January. Japan's first move is expected to be the occupation of Cam-ranh Bay, on the southeastern Indo-China coast, which would be used as a base of operations, principally against Singapore.

WATCH OUT FOR "CAPTAIN PATRICK SMITH"

Friends of China are advised to be on the alert for a certain "Captain Patrick Smith", pro-Japanese lecturer who poses as "America's best authority on Asia."

He is not registered with the State Department as a Japanese agent. He has recently returned from Japan and the occupied areas of China with new film and lecture material. He is now speaking at Rotary and other clubs and gets fees around \$150 per lecture.

Smith's lecture circular, setting forth his claims to be "America's best authority on Asia" are full of falsehoods. Clubs should be warned. For example, he claims to be "Far Eastern Broadcaster for the Mutual Broadcasting System". Officials at Mutual declare he has no right to such self-advertisement. About two years ago Mutual arranged with him to broadcast from Tokyo but the attempt was unsuccessful and was never repeated.

Smith's circular claims he is "Far East correspondent of the New York Daily Mirror. City Editor Adler of the Mirror, asked if he knew Smith, replied, "We've never heard of him around here."

The circular describes him as "Far East cameraman for Pathe News." Mr. Ermont of Pathe reports they gave him a roll of film for his trip to the Orient last year but he has never returned it. Mr. Ermont says Smith has no authority whatever to use the name of Pathe in his advertising material.

The circular also lists him as Far East Editor of Globe Magazine. Efforts to locate this magazine so far have proven futile.

Captain Smith claims to be a Fellow of the Royal Geographical Society, London, a native of Glasgow, acting colonel in the British Army during the first World War, wounded twice, now an American citizen. These claims are now being checked in London.

His lecture agencies:

East: Roxanna Wells, 393 Seventh Avenue, New York City.

Miss Wells says she knows very little about him except that he came into her office one day with a fine library of films on the Far East, claimed to be an authority on the Orient and she agreed to book him.

New England: A. H. Handley, 162 Boylston Street, Mass.

Middle West: National Lecture Bureau, Ford Hicks, Mgr., 1811 Larchmont Ave., Chicago, Ill.

Pacific Coast and South: Secretary to Captain Smith, New Canaan, Conn.

Inquiries to Chungking as to whether "Captain" Smith was known there, elicited the response from the Ministry of Propaganda that "Smith has never set foot in Free China so far as we know."

It would be appreciated if readers of the China Information Service would keep this office informed of Smith's activities in the field.

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ISSUE FIFTY-FIVE
December 30, 1940

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Copies of Frank Price's New China Weekly News Letters, Series II, Numbers 18 and 19 have not come in. We are expecting them in in any mail, however, and will use them as soon as they arrive.

New York Times, December 28, 1940: "Melbourne, Australia, Dec. 27 --
Prime Minister Robert G. Menzies today announced that a sea raider, apparently German but disguised with a Japanese name and bearing Japanese colors, heavily shelled the island of Nauru but without casualties.

Nauru is entirely undefended against attack under the terms of the League of Nations C class mandate.

* * * * *

DEMOCRACY REAPS THE WHIRLWIND is an exclusive message to America by Mayling Soong Chiang (Madame Chiang Kai-shek) printed in Liberty magazine, December 21, 1940, page 7-10.

"Japan Tests Pills to Speed Industry"

"Tokyo - Forty workers in the Amiya plant of the Railway Ministry are swallowing three pills a day to test the efficiency of a new medicine concocted in the Imperial health laboratories for the prevention of fatigue. If the pills spin the wheels of progress a little faster in the fading hours of the day more than 300,000 of the Ministry's workers will be fed the pellets every day.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
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SZECHUAN; DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, SZECHUAN

SUMMARY OF CHINA NEWS

Two declarations by Japanese Foreign Minister Matsuoka keynoted the fortnight's news on the Far East, and left the strained Japanese-American relations about where they were before.

MATSUOKA ON JAPANESE-AMERICAN RELATIONS. On December 9 the course of an interview with foreign correspondents, Matsuoka asserted that there need be no serious clash between Japan and the United States "if we keep our heads cool and mind our own business." He reaffirmed the three-power alliance as Japan's guiding policy, and added that Japan is "in honor bound" to fight the United States if the latter, in Japan's opinion, is the aggressor in a war with Germany. He did not see any possibility of altering Japan's policy in China, even if it brings the prospect of bettering relations with the United States, "because we are convinced we are doing right." He warned that the eventuality of American warships' going to Singapore will call for "very serious consideration on the part of Japan." Though prefaced by the usual Japanese protestations of peaceful intentions and misunderstood sincerity, Matsuoka's statements carried implications which the American press comments were not slow in criticizing.

On December 19, at a Japanese-American gathering in honor of Admiral Nomura, newly-appointed Ambassador to the U. S., the Japanese Foreign Minister repeated his plea for peace as well as the warning that Japan will fight if the United States enters the European war. This time Japan's loyalty was pledged to her axis allies without even the former reservation regarding interpretation of the pact by Japan. Matsuoka attributed the present strain to American misapprehension of Japan's aims, both as regards to China and world policy. In his answer, the American Ambassador Mr. Grow reserved discussion on what he termed "controversial points" but singled out for challenge the Japanese Foreign Minister's statement that "China's fate is largely a matter of sentiment to Americans."

While Ambassador Nomura prepared for his mission to Washington, a more accurate indication of the direction of Japan's foreign policy is seen in the reappointment of Lieut-Gen. Hiroshi Oshima, ardent advocate of the Rome-Berlin-Tokyo Axis, as Ambassador to Germany. On December 20, it was announced from Berlin that military and economic commissions would be established by each of the signatories to implement the three-power alliance.

U. S. RESTRICTS METAL EXPORTS. President Roosevelt applied increased economic pressure against Japan (Dec. 10) through a proclamation placing iron ore, pig iron, ferro alloys, etc., under export license requirements, effective December 30. Japan has been a heavy buyer of these materials for the war machine and the American action, taken on grounds of national defense, is generally recognized to be another step in line with the policy recently adopted by the United States and Britain to discourage Japan and encourage China. Still other steps are expected to follow. American vigilance in the Pacific is also attested by the concentration of the U. S. fleet in Hawaiian waters for maneuvers for the second time within a year.

BRITISH CREDITS TO CHINA. Taking a leaf from the firm attitude of the United States, Great Britain granted (Dec. 10) sterling credit of £10,000,000 (\$40,000,000) to China. The British financial aid to the Chinese Government came about a week after the \$100,000,000 American credit. The announcement made amid cheers in the House of Commons, was timed to coincide with the United States proclamation of new metal embargoes, on the day of Matsuoka's pronouncement from Tokyo. Half of the British credits are to be used by China in countries within the sterling bloc, and the other

£5,000,000 to strengthen the Chinese stabilization fund.

ALL IS NOT WELL WITH NANKING PUPPETS. Another in a series of recent Japanese diplomatic appointments was that of Kumataro Honda, former envoy to Germany, as Ambassador to the Japanese-sponsored puppet regime at Nanking. Honda is described as aggressively pro-Axis and a ruthless opponent of efforts to conciliate the United States and Britain. His speedy selection was contrasted to the hesitant appointment of the more conciliatory Admiral Nomura, who also was expected to visit Nanking before assuming his post at Washington. Meanwhile, Japanese naval officers gathered at Shanghai to discuss the reopening of the Yangtze River as far as Nanking, and Japanese-American relations in general.

All is not well, however, with Wang Ching-wei's bogus "government" at Nanking. As a "Central Reserve Bank" is being established in an attempt to undermine the Chinese currency, already differences were reported between Wang and his "Finance Minister" Chow Fu-hai over control of the new "government's" finances. Internal splits among the puppet ranks, it is revealed, constitute an increasing problem to their Japanese organizers. In Shanghai and at other Japanese-occupied Yangtze points, continuous assassinations of Japanese officers and their Chinese employees have become known, many of which have been unreported in the press.

On December 16, Baron Eduard d'Hooge, a French consular judge in Shanghai, was killed, presumably by Chinese nationalists for his co-operation with the Nanking regime. The puppet "government" as yet is recognized by no other governments except Japan. The arrival of Baron Leopold von Flessen in charge of the German Embassy at Chungking aroused new rumors of Berlin's attempt to seek a Chinese-Japanese peace.

On the war fronts, following the recent setback to the Japanese in Hupeh, the Chinese continued successful resistance in Suiyuan and Honan Provinces in the North, and in Kiangsi and Anhwei Provinces in Central China. Sporadic Japanese air raids were reported in Chekiang and on many South China cities without causing much damage.

JAPAN'S "NATIONAL STRUCTURE" TAKING SHAPE. The emergence of a "new national economic structure" in Japan resulted temporarily in the compromise between Japanese capitalists and totalitarian extremists who attempted to nationalize the country's industry and finance. The Cabinet approved (Dec. 10) the largest budget in Japan's history, totalling more than 16,000,000,000 yen (\$3,652,000,000) for the next fiscal year. Several imperial ordinances were promulgated to tighten up the general mobilization law, including restrictions on news, and on food and other necessities. An Electoral Reform Bill now before the Cabinet seeks to abolish manhood suffrage, thereby enlarging the army's role in Japan's government. The Constitutional position of Parliament is being threatened by the newly organized "Imperial Rule Assistance Association," through whose conference the totalitarian extremists began to assert themselves.

WHITHER JAPAN IN THE SOUTH SEAS? The Thailand-Indo China imbroglio continued with daily exchange of land and air attacks. At the same time, Japanese moves in southeastern Asia remain a topic for speculation. Foreign observers in Shanghai were reported as believing that Burma may be Japan's next objective, while alleged concentrations of Japanese troops on or near Spratly Island revived apprehension in the direction of Singapore. Japan will give the Dutch East Indies a "last chance" to conclude an economic agreement, it was announced, with the departure of a delegation headed by former Japanese Foreign Minister Yoshizawa for Batavia, Java.

TRANS-PACIFIC NEWS SERVICE

1250 6th Avenue

New York, N. Y.

JEAN LYON--Editorial Dept.

Circle 6-5225

New York, December 13, 1940

VOICE OF CHINA
(China News by Shortwave Radio)

MOTIVATION BEHIND RECENT JAPANESE MOVES

Speech by Generalissimo Chiang Kai-shek
Made in Chungking, December 2, 1940

It is my intention to make to all of you present a simple report on the important features of the war situation during the past week and the Japanese recognition of Wang Ching Wei's puppet administration and the circumstances attending their conclusion of a so-called treaty with them and on the possible repercussion of these events.

Commencing from the 23rd of last month the Japanese, by way of preparatory fanfare to precede the recognition of Wang Ching-wei, overhauled their man power in all the war areas for the purpose of raising a force to attempt an offensive on our position in Central and Northern Hupeh. Their attempted plan was with the object of boosting their prestige and dissembling the actually vulgar and shameless nature of the transaction. The outcome, however, has been the Japanese forces' complete reverse at the hands of our stout defense in less than ten days. The casualties they have sustained exceed their losses in the previous campaign in Western Hupeh. This is another substantial victory for our forces.

Meanwhile, on the very same day, the Japanese militarists recognized the Wang regime, President Roosevelt pointedly made a simultaneous announcement of his government's intentions to extend to China a credit loan and a currency loan amounting to the sum of \$100,000,000 American dollars. During the last eight months of the present year American loans to China have made a total of more than \$150,000,000, U.S. currency.

Mr. Cordell Hull, Secretary of State, has also made a solemnly worded statement to the effect that the United States is absolutely determined not to recognize any puppet regime and to continue indefinitely to consider the present central government in Chungking as the only legally constituted Chinese government. From Britain there has come an indication of a similar attitude. With Soviet Russia there has been no change in her consistent policy of support of Chinese resistance. These are the events at home and abroad of the last few days which demand the closest study of all in their relation to the war.

Nothing New In Dummy Treaty

The Japanese recognition of the Wang Ching-wei regime and their publication of the so-called treaty he and they have signed, I consider as a perverted and outrageous product of the defeat of their recent peace offensive. The dummy treaty is tricked out with all sorts of features such as "fundamental conditions" and "annexed protocols" and "understandings." It simply consists of the parts the Japanese have seen fit to publish of the secret "Wang-Japan" treaty long ago exposed by Kao Tsung-wu and Tao Hsi-sheng. Throughout its contents there is absolutely nothing novel to be found.

This rehash of the former treaty is a scrap of paper representing the willingness of the puppets to be "recognized" by Japan as the totally submissive slaves they are. As such the deserved expressions have been noted. It will, however, become a part of the record of estrangement between the two countries. It will also contribute to a prolongation of the evils of the war they are fighting. It will be remembered for centuries as a symbol of immortal issues dividing the two nations.

Viewed in this light the tremendous crime of the Konoye cabinet is obvious. (Konoye is in fact, as you all most know, the monumental criminal figure in the history of relations between China and Japan.) In the statement I made on December 26, 1938, as a refutation of the Konoye statement, and in my message addressed to the army and people when the "secret pact was revealed in January, you will find a full and clear account of the function of the puppets in the Japanese design to destroy China.

You will also observe the fact that this comedy just enacted in Nanking is in no way anything fresh. It is merely the reappearance on the board of a play already presented in the form of the traitorous secret treaty for the "adjustment of relations between Japan and China" signed by Wang Ching-wei in December last year and in the form of the inauguration of a "Nanking regime" in March of this year.

I have always regarded the former occasion as the base of the announcement of Wang Ching-wei's defeat and the latter as the base of his splendid funeral. And now Abe on his visit to Nanking has put the finishing touch to the obsequies of traitor Wang by reading an oration over the tomb. Abe's return to Nanking during the period of mourning made doubly sure that Wang Ching-wei was finally at rest in his burial place.

The antics of the Japanese and the puppets on this occasion are merely in the nature of a ghastly insistence on past revolting scenes in the story of their relations. The affair is devoid of any new interest. I need not think of it at any great length. I shall turn to the subject of the cause for the Japanese recognition of Wang Ching-wei and to the future consequences of their action.

Konoye Fails in His Aims

When Konoye became Prime Minister for the second time in July of this year many were his friends who thought that he must have a great determination during his term of office to bring the Sino-Japanese war to a conclusion. The war had started during his first Premiership and all his successors, Hiranuma, Abe and Yonai have failed to stop it. With the European war in furious progress he imagined that there was a good chance certainly to wind up the horrors of a war for which he is responsible. This was the general attitude of his mind, and in the heads of his entire cabinet this idea was no doubt present - the idea of at least seeing a satisfactory fulfillment of their aggressive dreams. At that time, however, I declared it my opinion that Konoye, no matter how high he might be rated by the politicians and public of Japan, would not prove able to override the militarists and free his country from the shackles of war.

In the bible we read that a corrupt tree cannot bring forth good fruit. The Sino-Japanese war is an illustration of this, because the war came of the wrong habits and impulsive aggression of the Japanese militarists, because it came of the evil seed sown by Konoye. With Konoye again in power and the militarists still in existence, there being no genuine admission of their guilt among them, there is obviously no possibility of an end of the war.

At the time of the Lukouchiao incident I gave explicit definition to China's fundamental standpoint in foreign affairs. I held that if this incident could not be amicably settled, a breaking point would be reached. I said, "we desire peace, but we do not seek evasion of the issue. We prepare for war but it is not our will it should be. The war with the war maker is the inevitable means of acting up to the issue involved. With hostilities in progress our weakness as a nation precludes any further chance of compromise. Whether the Lukouchiao incident evolves into a Sino-Japanese war depends entirely on the attitude of the Japanese Government. The answer to the question whether there is still hope of peace is to be sought in the actions of final extinction of the hope of peace. We shall continue to desire a peaceful diplomatic means of solving the incident."

I followed these words with a statement of the four minimum Chinese requirements for a satisfactory solution of the incident, adding a warning to Konoye in these terms: "If you can take a detached and far-distant view in the affairs of Far Eastern peoples it is not your wish to precipitate a final crisis between the two countries. If it is not your will to create imperishable hatred between them, then you will certainly do ill to turn a deaf ear to these four minimum requirements of ours."

China's Victory Perceptibly Near

And now we have been fighting for nearly three years and a half and China's final victory is perceptibly drawing near. In retrospect the Konoye cabinet has been responsible for the present embarrassment of the Japanese. Toward the end of 1938 I attacked the Konoye statement in these terms: "The efforts of the Japanese militarists to destroy China will inevitably bring about the destruction of Japan. During the past year and a half we have succeeded in establishing a foundation for national rebirth regardless of difficulties, and fearless of danger. We pause to regret the fall of Japan, with her history of reformers' magnificent sacrifices, into the grip of the junior officers group to play ducks and Drakes with her resources and man power, leading her to barbaric ruin. Japan is on the brink of an unthinkable end."

These words of mine spoken two years ago are seen in the light of present events to be no way mistaken. Konoye dispairing both of his headlong designs to annex China by force and of his peace offensive as a willy-nilly gesture reverted to the dishonor of recognizing the puppet administration in an attempt to persuade the Japanese people to believe that a sort of conclusion to the Sino-Japanese war has been achieved. In fact, however, in his ostrich-like behavior he is still endeavoring to deceive himself and us and others, and this constitutes an insult to the integrity of the act of recognition. Furthermore, it lowers the prestige and good name of Japan. In practice it will contribute to the prolongation of the war. So far from bringing about an end to it, it will intensify hatred between China and Japan and it will add impetus to Japan's descent to irretrievable ruin.

Konoye's Cabinets are Militarists' Puppets

Observation of the conduct and measures of Konoye's two cabinets makes clear their quality as puppets of the militarists in which capacity they have committed all their iniquities. Konoye did three things during his first tenure of office. Firstly, he brought about war between China and Japan with all the consequent loss of life and treasure to Japan. And now he still finds himself powerless to extricate himself from the flow into which he has dragged his country. Secondly, he made it his policy to strengthen the anti-Comintern agreement, making an enemy of Soviet Russia in pursuance of his wild continental policy of aggression. Thirdly,

he published his statement on the new order for East Asia, so-called, showing therein that his ambition was not limited to the destruction of China but extended to the expulsion of American and European influence from Asia. He conceived Japanese domination over all Asia as a step to conquest of the world. These three moves form the most important element in the fatal courses Japan is treading. Especially by the idea of the so-called "new order in East Asia" did Konoye do his country deadly injury.

During his second period of Premiership Konoye has also done three things of particular note. The first was his introduction of the so-called "new structure" into the politics of Japan. The second was his bringing of Japan into the triple alliance with Germany and Italy. The third was his recognition of Wang Ching-wei's puppet government together with his publication of a "joint manifesto" subscribed to by Japan, "Manchukuo" and the puppet China.

In regard to his motive for these three moves, I do not hesitate to make this great distinction: When he was first Premier his one object was to defeat China in the field while now that he is again Premier his whole aim is to procure an end to the war in any way. Today he has no other thought but release from the bonds of his "China incident."

Let us examine the first of a series of three moves taken since he again became Prime Minister. He finds himself obliged for the purpose of wresting a solution from the hard facts of the war situation to unify public opinion and concentrate Japan's national resources for the effort. You must all be aware that since the war began not only has public opinion in Japan shown itself boisterous and formless, but the minds of the people have also been at a loss to understand the situation.

As time goes on and the war seems endless, conflicting views multiply. Anti-war symptoms spread further and further both at the front and in the rear. On one hand the antagonism between the militarists and the people deepens and on the other hand divisions among the former form themselves into groups for war and for peace, for biding time and for taking vigorous action, Pro-Russian and Anti-Russian, friendly to America and inimical to America, for southward expansion and against it. Such are the loudly dissenting voices to be heard in the enemy camp.

This was the state of affairs which the junior officers' group could not ameliorate and which Konoye tried to improve by means of his "new structure." In practice this hope of his must have proved vain.

Another aspect of the thing is that it represents the overthrow of the whole political, economic, social and even military basis of Japanese life as it was built up by loyal ministers and high minded men during the fifty years of Japanese history following the Meiji reform. Konoye did not shrink from such action as a device for the attainment of his longing for some solution of the war which he had hoped would still bring about China's ruin, yet his contemplated success for this and other of his hopes have proved an ineffectual struggle.

The Tri-Partite Alliance

Coming now to the second of the recent moves of Konoye, mentioned above, the conclusion of the tripartite alliance, we must consider only the motive of Japan for entering into the compact, - a motive undoubtedly different from those of the other signatories. I have not the slightest hesitation in saying that her aim was certainly not born of any love for her new allies nor was it one of contributing anything to their cause. The idea was to borrow prestige from them and

hold out the alliance as a threat to Soviet Russia, England and America and to provide an obstacle to assistance for China from these nations. The Japanese aspiration was to find in the alliance a chance of executing the southward expansion policy and bringing the war to a conclusion.

One naturally recalls Konoye's policy of strengthening the anti-Comintern pact where the motive was similar. Then he was thinking of leaning on other support in the "northward expansion" adventure, preparing for simultaneous war with China and Russia as part of the continental policy.

Such are the selfish motives behind the Japanese adhesion to these agreements with other countries which they have no intention of helping. With a non-aggression pact between Germany and Russia and the resulting virtual annulment of the anti-Comintern pact Japan suffered the diplomatic shock she had prepared for herself by her self-centered designs. She then executed an about face turning from a policy of enmity towards Russia to one of a search for grounds of diplomatic rapprochement.

Simultaneously Japan strove to appease the United States and threaten Great Britain. The aim was still that of depriving China of assistance from Soviet Russia, Britain and America as a necessary measure for the solution of the so-called "China incident." Entirely sensible to the nature of these transactions we have watched the complete failure of the device.

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(Note: The conclusion of this speech, which was received by Trans-Pacific News Service over the "Voice of China," official shortwave broadcast from Chungking, could not be heard because of poor reception.)

(Shortwave Broadcast, "Voice of China," over XGOY, Chinese International Broadcasting Station at Chungking, picked up by Trans-Pacific News Service; broadcast of December 7.)

VOICE OF CHINA

December 18, 1940

MOTIVATION BEHIND RECENT JAPANESE MOVES

Conclusion of speech by Generalissimo Chiang Kai-shek
Made in Chungking, December 2, 1940

(Note: The first part of this speech was sent to you on December 13. The conclusion, which was not heard because of poor reception, has been rebroadcast to us, and is reproduced below.)

Behind all the recent Japanese moves, the triple alliance with its threat to America, Britain and Soviet Russia; the so-called Japan-Manchukuo-China Manifesto; the signatures of the treaty with Wang and recognition of him; the treaty with its clause defining Japan's rights to carry the provisions of the anti-Comintern pact in Mongolia and to station troops in certain areas of North China, there is the same unchanging Japanese tendency to work against Russia and at the same time to pursue her traditional policy of aggression in China.

The obvious purpose of the triple alliance in Japan's eyes was to make way for expansion to the south. Yet she is still unwilling to give up her northward

front. I leave it to your intelligence to think whether it is likely that Japan can simultaneously dominate Soviet Russia and menace America, expanding both to the north and south at once. By so doing she would be virtuously annulling the tripartite pact. She would then be acting to the injury of her allies' interests for speculative ends of her own. Or such action would portend a radical change in the original nature and the purpose of the pact.

The spectacle of Japan's diplomatic comportment is one of self deception, dishonesty and facelessness so unscrupulous that there can surely be no country that trusts her or regards her as a worthy partner in an alliance.

Of Konoy's third political move during his present premiership I have already spoken. To quote what I said last year, "the puppet organizations are bound to appear but no matter how many of them the Japanese produce, no matter what titles they may give them we shall ever regard them as nothing but the slaves of Japan, of no validity in relation to China herself or other countries and powerless to injure our party or nation in the slightest."

However, behind the scene there lies a darker aspect of the puppet show. There is the thought present in the minds of the Japanese that a puppet government may possibly serve in the enslavement of all China by the use of its false name as a probable vehicle for the termination of the war and the real annexation of China.

"Peace Offensive" Weird and Amazing

The Japanese peace offensive of the past two weeks has been a weird and amazing affair indeed. First, various peace rumors are circulated. Then the pretense is that the Chinese government has refused the peace proposals, even inclusive of a Japanese withdrawal, compelling Japan to resort to recognition of the Wang Ching-wei administration. I can, however, declare that the Chinese government has neither been aware of anything of this imaginary peace proposal nor has it perceived the smallest hint of a sincere desire on the part of Japan to abandon aggression and seek peace.

In view, moreover, of the declaration made by the Konoye cabinet in January of 1938 to the effect that Japan no longer recognized the Central Government as a possible participant in negotiations with her, our government and every citizen in the land will place no faith in reports of Japan's seeking peace with our government. We are even more skeptical of the ability of the Japanese militarists to impose peace. There is not a primary school student in China who could be found to put rash trust in the rumor. The rumors are futilely thrust at the Japanese people, and at the rest of the world, in an endeavor to hoodwink them.

Finally the recognition of the Wang regime was conducted under the grandiose nomenclature of the "manifesto" of the "Imperial Government of Japan," the "Imperial Government of Manchukuo" and the "Republican Government of China." These absurd terms are a great insult to the Chinese people that will be forever remembered by descending generations of the race. It is totally harmless so far as we are concerned.

Greater Freedom Ahead for China

For three years and six months we have fought without thought of consternation before the enemy's threat. We have sustained the national honor of China against his insolence and insults. Today we are as resolved as ever to resist to the end; but this is not all. We intend China shall issue from the war in all splendor of a freedom and independence more real than she has previously known, a real San Min Chu I China.

All that has come of this recognition of Wang Ching-wei on our side, therefore, has been stimulation of our national spirit and a clearer demonstration of the soundness of our national integrity and of its inviolability in the face of Japanese trickery. On the other hand the damage done to Japanese national integrity and prestige by the actions of the Konoye cabinet is of incalculable extent. The effect is to depress the reputation of the Japanese to the level of the slave government created by her.

The manifesto is not a manifesto of three countries, but it is a document proclaiming the formation of a tripartite puppet body and the confluence of two puppet extremes represented by Wang Ching-wei and Konoye. The "Japan-Manchukuo and China" of the manifesto, like the phrases to be found in the declaration of the so-called New Order for East Asia, are perceived as having attained "indivisible unity" and "amalgamation."

Chinese Resistance Heightened

If I am to speak of the effect of this enemy move on the course of resistance and reconstruction I can only say that it has added to the indignation of the whole country and heightened the fighting spirit of our soldiers at the front. As I said when the secret pact was revealed; "Not to strike is to be ruined, not to resist is the same as waiting for death." Are we slaves whom the traitor Wang Ching-wei can sell? We have only to think of how we are to avenge these insults and secure the existence of this nation, taking the good name of China out of the hands of those who would seek to destroy it. In the enemy's present resourceless situation we have only to keep up a continuous rain of effective blows at him in order to bring about this final collapse.

When victory comes and the militarists are driven from our soil the Wang administration will resemble in its fate the wretched end of the reactionary puppet regime of Denikin, Kolchak and Wrangel, that imperialistic set-up in the time of the Russian revolution. It will find ground cut away from under its feet and the object of just punishment at the hands of Chinese law.

In conclusion the present Konoye cabinet is given up to one great aim, namely to the bringing of an end in some way or another to the Sino-Japanese war. With that purpose in mind it devised the "new structure," although it entailed breaking the spine of the national being built up over half a century, the destruction of the constitution and the dissolution of the party. And it caused Japan's participation in the triple alliance although this has raised her enemies on all sides.

The upshot of all the recent Japanese political and diplomatic activities has been failure to put an end to the war and deepening of the gulf between the two nations. Such is the final outcome of the crime of aggression committed by the Konoye cabinet and the ultimate expression of Japan's military and political defeat.

Japan Destroys Herself

One of the clearest pictures of the situation is given in the way in which the Japanese constitution as a depository of law, and the spirit of national institutions has been done away with. The utter destruction of the political, social economic and even military basis of Japanese national life will inevitably follow. Whereas, I remarked upon the ineffectiveness of the Wang Ching-wei regime as machinery for the pillage of China, the Konoye cabinet is indeed an all too effective instrument in the destruction of Japan.

Fellow countrymen, the day decided for the defeat of the enemy's aggression has arrived. It was the day of this recognition of Wang Ching-wei's government. The Japanese and their puppets are climbing into a common grave. The victory in sight sight China owes to the efforts and sacrifices of her army and people throughout the past three years and a half. We see its approach only accelerated by this paltry event. We have now to meet the final demand, the last stages of the struggle made upon our strength and endurance.

NEW CHINA

WEEKLY NEWS LETTER

FRANK W. PRICE

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Number 4.

Page 1.

July 28, 1939.

China has been on the front page of the world's news again this week - the Anglo-Japanese negotiations at Tokyo and America's dramatic notice to Japan that the commercial treaty of 1919 between the two countries will be abrogated within six months. Shanghai has been an unusually interesting place in which to receive this news and to observe its effects upon Chinese, Japanese, British and American opinion in the Far East. This bruised cosmopolitan port has reacted in different ways to recent surprises in international developments.

The Japanese press and the Wang Chingwei press hailed with delight the Craigie-Arita memorandum which seemed at first an acknowledgment of Japanese rights of conquest and a surrender of British rights. China was astounded at the change in British policy and Chinese papers in the International Settlement, as far as they dared comment, condemned Great Britain. The American press of Shanghai was extremely critical. The leading British daily, The North China Daily News made a weak attempt to defend the memorandum as paving the way for further discussions while the British Chamber of Commerce and other British associations sent stinging messages of disapproval to London.

Into an atmosphere of pessimism and anxiety among non-Japanese groups the American government's announcement came with electric effect. Although it simply indicated termination of an existing treaty half a year hence the results were immediately apparent. The Chinese National Government was tremendously heartened. American and British residents in China were elated. The Japanese newspapers and Japan-controlled Chinese papers tried to play down the news but Japan was undoubtedly taken aback. The British attitude in the Tokyo discussion suddenly stiffened and Japanese enthusiasm over the Memorandum perceptibly cooled, when it was found that the vague formula, capable of varying interpretations, did not mean a reversal of British policy. The Japanese press campaign against the British and anti-British demonstrations have been revived. What the American action and possible similar British action presage in the way of economic non-cooperation with Japan can give the Japanese leaders scant comfort. In short, July 26, when the U. S. State Department announced the end of treaty trade relations with Japan, may well be in history one of the most significant dates of the Sino-Japanese War. The psychological effects of the American action have been tremendous.

To come from free China to Shanghai is like coming from great, open spaces into a prison. Some of my friends here call Shanghai a "concentration camp." The International Settlement and French Concession are still terribly congested, with a war-time population of over four million people. Due to more jobs available in the areas around Shanghai and to the summer weather the refugee problem is not as serious as when I was here nine months ago. About 50,000, mostly women and children are still in refugee camps. All entrances to the foreign settlements are carefully guarded, by Japanese troops on the one side and by international troops on the other. Within non-Japanese Shanghai business goes on, local schools and the many refugees colleges and schools from occupied areas carry on their work, the people live and wait, foreign residents hope wistfully for better times, pro-Japanese and pro-Chinese intrigues continue, and everyone wonders what will happen next. Outside of this little "neutral" island the Japanese military hand is felt upon business industry, schools, the press, the daily life of the inhabitants - everything. Japanese cheap goods flood the area of what was formerly Greater Shanghai, but economic recovery is very slow.

It is difficult to secure reliable reports on guerilla activities around Shanghai. Occasionally guerilla troops cut the railway lines between Shanghai, Nan-king and Hangchow but repairs are quickly made. Guerilla raids are not as well-planned and effective as those by the Eighth Route Army and Fourth Route Army mobile units. In the rural regions outside of the Japanese-occupied cities Chinese bandits and extortioners take advantage of their own people. These people who injure their own countrymen and sell out to the Japanese military are usually riff-raff and criminal elements freed from former restraints. North of the Yangtze River and in Shantung province a larger number of government mobile units have come in and are cleaning out these Chinese traitors. The guerilla warfare north of the Yangtze is increasingly disturbing to the Japanese armies.

A missionary from Shantung tells me that Japanese soldiers are becoming very nervous and are even wearing Chinese uniforms and citizen's clothes for protection. They dare not venture from the larger cities which they hold except in well-armed bands. This year they are securing much less food from the countryside than they did a year ago. Chinese soldiers, on the other hand, are securing "good citizen badges" required by the Japanese army and slip frequently into the cities. Such a situation makes Japanese military withdrawal from key cities and lines of communication out of the question. The greatest sufferers are the Chinese villagers along the roads because of Japanese reprisals.

In the Shanghai area guerilla warfare will soon be better organized and directed by national army officers. The regular Chinese army is only 150 miles from Shanghai across the Chientung River at Hangchow and is in communication with west China through the wide free corridor from the coast to Szechwan. The recapture of Hangchow by Chinese troops this year is not improbable.

Missionary surveys of many Chinese cities under Japanese military occupation show uniformly unhappy conditions: reduction of population to about one-half, insecurity for the Chinese populace, constant danger of arrest or imprisonment, a policy of reprisal and terrorism against the civilian population outside of the cities, inefficient and corrupt puppet governments, crude propaganda against the Chinese National Government and foreign nations, business depression, restrictions in travel, Japanese confiscation of public and private property, increasing sale of Japanese goods, booming crime and vice, and the beginnings of anti-missionary and anti-church propaganda.

In Suchowfu (Tangshan) and Sutsien of north Kiangsu nineteen Chinese Christian leaders were recently released after seventy days in prison, during which most of them suffered torture. They were accused of being members of Chinese patriotic organizations. Not one was willing to give up his Christian faith. Missionaries worked hard for their release but refused to sign a statement for themselves and their Chinese fellow-workers supporting the "New Order in East Asia." However, the Chinese who were freed will have to report each week to the Japanese military authorities. A story in connection with this persecution is most revealing. One missionary from the area, returning to the United States on furlough, visited Tokyo and reported what had happened to an editor of the English daily, The Tokyo Advertiser. First he expressed appreciation of the behavior of the Japanese officers and troops at Suchowfu in previous months and of their efforts to protect church property. Then he told the editor about the cruel arrest and imprisonment of the Chinese Christians. The next day the interview appeared in the Advertiser, as far as the "but." "Missionary Praises Japanese Troops in China" but nothing about the wrongs reported!

"Shanghai's Fleet Street," Avenue Edward VII, is heavily guarded these days. Armored cars and machine guns are to be seen in front of the Chinese Press, Shanghai Evening Post and Ta Wan Pao, and other strongly pro-Chinese papers. These papers

have received many threats and terrorists have attempted to throw bombs and attack workers. Japan would give a fortune to silence these dailies and such weeklies as J. B. Powell's Weekly Review. The American owned press, both in English and Chinese, is fearless. Chinese owned dailies such as Shun Pao and Shin Wen Pao are more cautious and yet definitely national in tone. Chinese papers printed and circulated in occupied territory all fiddle the Japanese tune. The Chung Hua Jih Pao, Central China Daily News, is now the mouthpiece of Wang Chin-wei who has been denounced by most Chinese as a Benedict Arnold. The news-stands will not handle this paper but it is sold by special newsboys. I asked one Chinese lad the other day why he sold the "traitor's" newspaper. He looked frightened and ran as if he thought I would arrest him! Wang's paper prints both Chinese and Japanese news dispatches with headlines colored by the Japanese military viewpoint. The arguments in the editorial articles are very similar to those in Japanese papers: continuance of the war is useless, Japan and China must co-operate, white imperialism must be driven out of Asia, the Chiang government (never the National Government of China) will soon be overthrown and then the people of China can negotiate for peace with their friend Japan. To see the fortress which the Japanese have built for Wang Chin-wei's headquarters on Yuyuen Road would not convince many people that Wang has the Chinese even of Shanghai solidly back of him. He will fail even as a puppet of Japan's military fascists. His sun has set.

Shanghai will certainly feel the effect of renewed anti-British agitation. British missionaries are being forced out of Taiyuan, Kaifeng, Tsangchow, Kweichow and other north China cities and Britishers are experiencing new difficulties in the holiday resort of Tsingtau. Shanghai will not escape as long as Japan's war-makers think intimidation and violence will force Great Britain into line with their mad program. The same agitation could, at a word from the Japanese army, be directed against Americans. China should without question regain the concessions and other special rights which she once lost to western powers. But to surrender these rights to Japan now is far from giving them to China. And there are many other rights and privileges which all foreigners are granted in China as in any country not their own, which the Japanese invaders have rudely disregarded and in many cases have ruthlessly violated.

No one dares to prophesy just what will happen in Shanghai during the coming few months. Many people are depressed and feel that Japan will not stop short of complete control of the foreign settlements. Shanghai, they say, could not long resist a food blockade. Some think the Japanese will try to get a majority vote in the Municipal Council, and in other ways gradually increase their power. "Incidents" will be pretexts for further Japanese demands, and Shanghai will follow Tientsin. A smaller number think that Japan is near the end of her rope and will not risk economic reprisals by America, Great Britain and France by an attack on the foreign settlements. The struggle will go on until some day the Chinese National Government itself regains sovereignty over all the Shanghai area, including the concessions.

The Chinese of Shanghai are suffering far more from the drop in exchange value of the Chinese dollar than Chinese of the interior who are not so dependent upon foreign trade and upon imported articles. Shanghai needs more visitors from west China to bring it fresh and encouraging reports of developments in that area and to renew its confidence in China's ultimate victory and independence.

Shanghai, China.

NEW CHINA

Weekly News Letter

Number 5.

Page 1.

August 4, 1939.

When we say "Free China" we do not mean only west China. Most of the southern half of the republic with the exception of a few important port cities, is still free. The segment of China called "occupied territory," chiefly north and central China, is honeycombed with "free spots." The lines between the Japanese and Chinese forces are very tight at certain points, but in many places they are surprisingly loose. It is impossible for Japan to guard one thousand miles of fighting front and many more hundred miles of "back lines" in the way that the trench lines of northern France were guarded during the World War. It is a common thing for Chinese to slip back and forth between occupied and free areas.

This story, told me yesterday by a missionary from Anhwei province (just west of Nanking), is typical of conditions in much of the invaded region. A large city - I shall not mention the name - some distance from the Yangtze River and the motor-road from the city to the river are in Japanese hands. The former city population of 100,000 has been reduced to 15,000. Less than 25 miles from the city is a large county seat with a Chinese nationalist magistrate garrisoned by guerilla troops. All taxes in this county go to the Chinese government. The magistrate himself has visited the conquered city nearby disguised as a brick carrier and has gathered valuable information. The Chinese forces are not yet strong enough to recapture the city but they do make it impossible for the Japanese troops to extend their control over the countryside. The Central Government at Chungking maintains contact with the magistrate here and in hundreds of other county seats near, within and behind the Japanese lines. Dr. H. H. Kung, Minister of Finance, says that in eleven so-called "occupied provinces" 583 districts or counties, a 62 per cent of the total, are still intact under Chinese administration.

An especially well-informed American who has just come to Shanghai from Nanking, says that while no weakening of the Japanese military hold is perceptible in the former capital, yet the trade area of the city is definitely reduced. Chinese mobile forces in the Nanking area are effecting a practical economic blockade of the city. The Japanese army can still import its foodstuffs from Japan and so is not yet seriously affected. Living becomes harder for the Chinese who have fled from the disturbed rural regions into Nanking. This same American reported that guerilla organization is steadily improving. However, the Chinese forces would have to be much stronger and better equipped to recapture Nanking. The larger cities, the railways, the important roads and waterways are well protected by the invaders. China's great life artery, the Yangtze River, is now so dominated by Japanese military and commercial shipping that it is a dagger thrust into the heart of the nation. China cannot become free and trade as she wishes to do with all the world until this dagger is removed. It will require herculean efforts on China's part to dislodge the Japanese army and navy from the Yangtze River up to Hankow. It will be even more difficult - I think impossible - for the Japanese to control all of the arteries and veins of the River and to exploit to great advantage the fertile Yangtze Valley.

As the war continues the danger that the people left in occupied areas will, because of economic necessity, gradually accommodate themselves to the situation and accept Japanese rule as inevitable, become greater. The task of the Chinese mobile units and guerilla forces is not only to harrass the invading forces until a

large-scale counter-offensive can be launched; it is also to put down bandits and other selfish groups who are taking advantage of the situation to prey upon their own people, and to maintain contacts between "free spots" and the Central Government. During these days in Shanghai I have talked with missionaries recently come from many provinces of north and central China. They say that the masses are still loyal to the National Government and definitely hopeful that Generalissimo Chiang will lead the government back to Nanking before many years. Japanese methods of administration and treatment of the common people arouse deep resentment and the people even in occupied territory would assist a strong counter-attack by the National Army. Those who are currying the favor of the Japanese or co-operating with them are still a small minority. If the war continues for many more years economic necessity may drive many more to submission. At present the spirit of resistance is high and constitutes one of the most serious obstacles to complete conquest by Japan. International developments such as the American abrogation of the trade treaty with Japan become known even in occupied areas and serve to strengthen the determination of the people.

If the issue were simply between China and Japan I would not fear for a collapse of Chinese morale even in the invaded territories. Wang Chin-wei's treachery and efforts to establish a rival Chinese (puppet) government to the Chungking government brings a new element into the situation. Wang is the cleverest Chinese official, the only really able Chinese official, who has sold out to Japan. The Japanese militarists are using him and providing him with all the money he needs. To the Chinese people Wang says, "Why should you fight any longer and suffer the loss of our whole country? I can help you to make a favorable peace with Japan. We can have our own government in Nanking; we can have our own officials. We can base our new government upon the Three Principles of Dr. Sun Yat-sen as they should be truly interpreted. With peace will come a period of great prosperity. China and Japan will work together for the development of Asia, Asia for the Asiatics." It is an insidious appeal. Wang does not say that China would inevitably become another Manchuria, another Korea. The Japanese militarists would pull the strings, Japanese industries would rain China of raw materials; the Chinese would become a subject people; China would not longer trade with the world. But some of the rich Chinese merchants and poor Chinese peasants who long for peace may be deceived by the voice of Wang speaking for his master Japan. China faces a new danger that Japan may try through their support of Wang's move for peace and a rival government to turn the Sino-Japanese war into a civil struggle. Chungking would be painted as the "communist government" and China would become another Spain.

I believe, as I wrote last week, that Wang's sun has set, that he will not succeed in carrying out his purpose. But the National Government at Chungking and the friends of China abroad must not underestimate the strength of the Wang movement. In Shanghai the Wang party is boring into labor organizations, newspaper offices, schools, business groups, and the Kuomintang Party offices in the International Settlement. A "representative congress" will soon be called, and later a bogus central government will be set up probably in Nanking. Some of the obstacles Wang faces are: deep under-current of opposition to Wang among patriotic Chinese in occupied territory, the jealousy of the puppet officials in Peiping and Hankow, the small number of bona fide Kuomintang (Party) members who have joined Wang, the demands of the Japanese for quick results which Wang cannot satisfy, and the constant threats to Wang's own life.

The Anglo-Japanese negotiations at Tokyo are dragging on to the stalemate which has been expected. Great Britain will make minor concessions but the American abrogation of the trade treaty with Japan and the rising tide of anti-British agita-

tion in China (engineered by the Japanese) have put more backbone into the British attitude. Until the Japanese army is thrown out of the saddle in Tokyo there is no hope for lessening of anti-British movements in China. Efforts to isolate the International Settlement of Shanghai will increase and the agitation later will extend to citizens of the United States and other countries "who do not appreciate the situation." It is now abundantly clear that the Japanese intend to eliminate all other foreign influences and interests in China. They can then exploit the occupied regions of China with unrestrained greed and brutality.

While the British Ambassador in Tokyo has been recommending concessions and an appeasement policy to his government, the British Ambassador in China has been fighting heroically on behalf of China's freedom. Sir Archibald Clark-Kerr is a man of great courage. He has an unshakeable faith in China's future as a democracy and as a force for peace in the world. He is literally staking his career and his very life on this conviction and his attitude is serving to strengthen timid British policy as well as to give heart to the Chinese leaders and people.

The economic situation in Shanghai is going from bad to worse. For a year Shanghai has enjoyed something of a post-war boom. The prosperity, however, was artificial. Japan now monopolizes the routes from Shanghai into the hinterland; Chinese exports to other countries than Japan are dwindling; and the western powers can no longer protect foreign business in Shanghai. Added to these difficulties is the drop in exchange. Up to the middle of July the Chinese government allotted foreign exchange freely in vast amounts to Shanghai. The Anglo-Chinese Stabilization Fund in Hongkong spent the bulk of its reserves upon Shanghai. This assistance benefitted the Japanese as well as the Chinese and foreign businessmen of Shanghai. Local industries were able to substitute foreign raw materials for Chinese produce which ceased to come from inland China. Labor costs were still low and some business concerns were making very high profits. Shanghai seemed to be a "fortunate island of freedom of trade." But now that Chungking has withdrawn all its support from Shanghai exchange, the Chinese dollar is worth only half what it was before. It will become almost impossible to import foreign goods. Shanghai will be cut off to a greater degree from the South and West of China. Japan can no longer make profits from Chinese exchange. On the other hand the people of Shanghai, Chinese and foreigners will suffer from living costs rising much faster than salaries and wages. Those who hold foreign currency are more fortunate. The Chinese of the hinterland will be far less affected because of self-sufficient economy and less dependence upon foreign trade. Many Chinese now living in the Settlement and Concession will be forced to move into Japan-controlled territory in order to secure cheaper rents and food. But there they must use Japan-sponsored currency and be subject to Japanese restrictions. The people of Shanghai do not face a bright future and many expect serious disturbances within the "neutral" area before many more weeks have passed.

Chungking has had a succession of heavy air raids the last few days. There are now sufficient caves and dug-outs for all the populace and casualties are much less than in the earlier raids. An airmail letter just received from a friend in Chungking says, "The Japanese would certainly be discouraged if they knew how the people here take it!"

Shanghai China.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

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Have you sent
your contribution.

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REQUEST FOR ACTION

Japan's attempt to secure naval bases in Indo-China is probably accompanied by an effort to obtain air bases in Thailand (Siam). Both would strengthen enormously Japan's position for an assault on Singapore (key to the southern Pacific controlling Britain's life-line to Australia and New Zealand) and the Dutch East Indies (with their wealth of war material desired by the Axis powers). Japan must not be allowed to gain the initiative in this vast area.

Write immediately to President Roosevelt, Secretary of State Hull, Secretary of Commerce Jesse Jones, Secretary of Treasury Henry Morgenthau, and Col. Russell L. Maxwell Administrator of Export Control, strongly supporting the adoption of firm economic, diplomatic, and defense measures to discourage further Japanese moves in a sphere that is vital to the continued defense of the democracies.

* * * * *

MORE OPIUM OFFENDERS EXECUTED: Determined to eradicate the opium evil, suppression officers continue to rule over Szechwan, as in other provinces in Free China, with an iron fist.

Twenty-five offenders were executed last month in Szechwan, seventeen were executed in September.

Seven of the twenty-five were guilty of having relapsed to the habit, six of trafficking, five of narcotic offenses, two of planting poppies, four of shielding opium offenders and the embezzlement of seized opium, and one of selling opium.

Two village administrators were among the 25 executed. One was found guilty of having purposely overlooked the opium evil in his district and the other of having concealed seized opium.

In an effort to evade the law, opium offenders have been devising all kinds of tricks, one of which is to put opium dens on a mobile basis. Helping combat the opium crime are mobile inspection parties touring the province.

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA.
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FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING,
SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, SZECHUAN

JAPAN CREATES MORE DOPE ADDICTS

Once more Japan is ordering the Chinese farmer to grow more opium poppies. Only this month (May, 1940) a press report from Peiping told of a new Japanese order calling for the planters in Southern Chahar to plant opium poppies, and pointing out to them that the seeds will be supplied by the local puppet regime.

This is one part of Japan's strange "opium suppression" program, which in the Japanese dictionary seems to mean "opium promotion."

Breaking down advances in opium and narcotic suppression made by the Chinese government prior to 1937, Japan has ruthlessly peddled her poisons for profit in the last three years, making pale faced ghosts of thousands of Chinese.

Narcotic Trade Brings Huge Profit for Japan. From narcotic trade in Shanghai the enemy makes an average monthly profit of six million dollars. People in Shanghai who have discarded opium in favor of narcotics total upward of fifty thousand. In Nantow there is more white powder than rice. Every day after dusk can be seen lurking in one dark corner or another of small alley-ways between the French concession and Nantow, skeleton figures of pale-faced Chinese addicts. They would sit down, wrap a little white powder with cigarette paper, roll it and light it from one end and take a few puffs. The miserable fugitives of Japan's narcotic invasion are doomed to die. Their death rate in Shanghai is estimated at several hundred each month. Yet the Japanese are not content. They are planning to establish a big factory in Shanghai to engage in the manufacture of narcotics on a mass scale.

Open sale of opium in Japanese controlled Hankow began from March, 1939, with the Opium Suppression Bureau of the Public Hankow Peace Preservation Committee as the mastermind. Opium selling firms that sprang into existence in that month totaled 400, while opium smoking dens numbered around 200. Besides there were numerous Japanese clubs where frequenters could, always upon request, be served with opium, white powder and other narcotics.

Japanese wire pullers of the Puppet Hankow Peace Preservation Committee netted \$984,000 in the narcotics trade in March alone.

In Chinkiang Japan's New Order also takes the form of opium selling and smoking houses, the smoking houses numbering 187. The joints have turned 127,000 ignorant, but innocent Chinkiangites, nearly one-fifth of the total population of that city, into pale-faced and tattered addicts. They start with opium smoking but soon find the pipe beyond their means so they have to end with the use of white powder or other cheap narcotics. Narcotics dumped and sold in Chinkiang each month are valued at one million and a half dollars. The opium evil has reached every part throughout the occupied territory of the Chinese Provinces of Kiangsi, Chekiang and Anhwei. A rough estimate puts the total amount of opium that passes through the hands of the promoters of the Japanese narcotic trade in Kiangsi, Chekiang and Anhwei provinces each month at one million ounces. At the rate of \$3 per ounce the Japanese tax income alone amounts to \$3,000,000 monthly.

Japan's Narcotic Policy Promoted By Wang Ching-wei. When traitor Wang Ching-wei assumed office as figure head of the Puppet Central Government in Nanking early this year he had to promote on a much larger scale than ever before, Japan's narcotic policy. The public sale of opium and heroin under the former puppet regime in Nanking, according to a report written by Professor M. S. Bates of the University of Nanking for an American newspaper on November 22, 1938, was valued at between two

million and three million dollars each month. The import and sale of opium and other narcotics in Nanking was handled by the Opium Suppression Bureau of the Puppet Nanking Municipal Government. That government needed a monthly income of three million dollars in order to make ends meet, and a considerable portion of that fund was derived from opium and narcotics. There were in the city of Nanking more than 30 public opium selling houses and 175 opium smoking dens. In addition, opium was obtainable in all hotels and there were fourteen particular opium hotels where the customers could smoke. Public selling houses flourished with daily business returns of \$66,000.

Nanking, under Japanese control, boasts of four heroin kings. As agents of the enemy and their puppets they monopolize the heroin imports business in Nanking. They had under their employment 2400 persons. Thousands of ignorant Chinese inhabitants of Nanking have been victimized. The poisonous drug exacted a daily death toll of 20 to 30 of the 480,000 population in Nanking. At least one quarter has become addicted to the use of heroin.

Japan's Narcotic Policy Began Before 1937. In Peiping, the provisional government set up by the Japanese issued an order on February 24, 1938, cancelling the opium suppression laws of the Chinese Government to usher in the New Order in East Asia. All smokers, sellers, smugglers, traffickers and other breakers of the opium suppression law were set free. Then the much fought and yet unconquered evil of opium and other narcotics became more widespread, crawling and creeping like a poisonous serpent to every nook and corner of the Japanese dominated territory of North China.

The Japanese militarists had long broken the ground for the malignant narcotic policy in North China, even prior to the Lukuochiao Incident on July 7, 1937. Japanese and Korean ronin had invaded different parts of North China in large numbers to work under the direction of the Japanese Central Service Bureau, a forerunner of the poison onslaught. As far back as 1937 opium dens run by Japanese and Korean dope dealers in Hupeh Province alone totalled more than 700. Such establishments also prospered in the provinces of Chahar, Suiyuan, Shantung and Shansi.

The growth of Japan's narcotic trade in North China took a dramatic upturn following her military conquest. One Japanese concern was said within five months to have bought from America and sent to the Japanese concessions in Tientsin 650 kilograms of heroin, enough for 10,000 addicts for one year. Amazing quantities of opium were imported from Persia to North China also. Hopei and Shansi provinces have been hardest hit by Japanese dope dumping. They have their stronghold in Tientsin.

There are numerous Japanese firms doing important business and the imported merchandise is sometimes kept in the Japanese Consulate against any molestation. The Japanese controlled Yung Pao, a vernacular Chinese Daily in Tientsin, reported on November 12, 1938, that the Tientsin branch of the Puppet Tax Bureau received instructions from Peiping that in addition to those already licensed 189 opium selling and smoking houses would be allowed within the confines of Tientsin. A survey conducted in 1939 showed that there were in the Japanese concession of Tientsin more than 1,000 white powder selling shops, 200 white powder manufacturing plants in which more than 1,000 Japanese experts and several Chinese workmen were employed.

In November, 1938, the number of opium selling and smoking joints was increased from 40 to 136. Then raw opium was sold at \$8 and \$10, bogus currency, an ounce. By March, 1939, the price soared from \$10 to \$13 an ounce. In the widespread network of Japanese poison dealing, organizations quickly spread from the principal centers to smaller cities and towns of North Hopei.

The smoke from the opium pipe soon darkens the sky over the various cities under Japanese occupation. The Peiping correspondent of the Manchester Guardian in England wrote in 1936 that even in Tsangli, a small city on the Peiping-Liaoning Railway in Hupeh Province, there were 116 dope sellers. The enemy especially wanted to see Shansi Province poisoned. Long before they dispatched troops they sent agents to push the narcotics trade.

Today, opium, morphine and heroin have swept the entire occupied territory of Shansi Province. The expanse of land north of Taiyuan is overgrown with poppies. Almost every farming family was compelled to grow opium. In the legislation of the puppet government at Shansi, special pains was taken to promulgate a set of rules and regulations whereby the ignorant farmers addicted to the use of narcotics could present cotton, rice, cloth, pork, beef, mutton, eggs, oil, charcoal or any other daily necessities in exchange for these red pills. The Puppet Shansi Provincial Government depends on the so-called amusement tax as one of the major sources of income. This tax is collected from those who frequent the opium dens. The Japanese and Korean ronin don't call their establishments for what they actually offer. They call them 'Come and Be Merry Houses.'

Suiyuan Province has also a black tale to tell. A Hongkong telegram of the Central News Agency dated March 12, 1940, reported that the enemy at Paotow were forcing the people there to grow opium. Out of the produce of each mow (Chinese acre) used for opium growing the Japanese took as their due, thirty ounces of dry opium. Then all the opium growers must sell their harvest at a price fixed at the lowest level, to the Japanese. The latter would send the product to Tientsin. In this manner, the enemy can pocket a hundred million dollars alone from Suiyuan Province each year. --

(Broadcast from Chungking)

WHAT JAPAN EXPECTS FROM A LULL IN THE CHINA WAR.

(1) Having realized that her former methods of ruthless attack on China have only strengthened the spirit of resistance in China and discredited the advice of faint-hearted Chinese advocates of a compromise peace, Japan seems to hope that the first prolonged lull in hostilities may give rise to false hopes on the part of the Chinese people, create a wave of acute war-weariness and therefore lead to an increasing influence of defeatist elements.

(2) Japan is aware of the economic difficulties with which Free China is faced after forty months of war and seems to hope that these difficulties will grow of their own momentum even while active warfare is at a low ebb, undermining the power of resistance and eventually the morale of the Central Government and the Chinese people.

(3) Japan has always been extremely conscious of the benefit she would derive from acute dissension between the Chinese Government and the Chinese communists and she seems to hope that the relaxation of Japanese military pressure on both "Government" and "Red" units of the Chinese army will tempt these uneasy allies into using the breathing spell Japan is granting them to improve their respective positions, that is, for strategic maneuvers against each other which always carry with them the possibility of armed collision. Japan expects that a virtual Sino-Japanese truce may have a similar effect on the relationship between the Chinese Government and certain provincial elements, especially in Szechuan, which only the extreme outside pressure of recent years has forced into a fair measure of co-operation with the central authorities.

(4) Japan hopes that the negotiations between the Chinese, American and British governments will end in failure and in acute disillusionment for Chungking, i.e., that they will drag on until the possibilities of effective help for China are still further reduced. These hopes, evidently, are based on the expectation that the discussions will prove highly complicated on account of the situation in Europe and that the present relaxation of Japanese pressure will delude America and Britain about the necessity of supporting China as much and as soon as possible.

Japan, therefore, seems to reckon on the latent forces of internal disagreement in China which a temporary decrease of enemy pressure may render acute; on the false hopes this lull may foster; and on the failure of American and British quickly to implement their intention to give more far-reaching assistance to China.

The conclusion China and the Anglo-Saxon countries should draw from these Japanese expectations are evident and need not be elaborated.

THE CHINESE PRICE SITUATION

The present economic problem of China consists mainly of the continuous rise of prices which has not yet been brought to a standstill. Its undeniable importance is now increasingly realised in Chungking where attempts to explain it in order to prove its harmlessness have long taken the place of serious efforts to solve the price problem in a determined way.

The facts emanate clearly enough from the following figures:

Index of Retail Prices in Chungking compiled by the Foreign Trade Commission (Average January/June 1937 = 100)

1937	-	November.....	107.0
1938	-	November.....	134.7
1939	-	November.....	249.3
1940	-	January.....	279.2
"	-	February.....	305.4
"	-	March.....	323.1
"	-	April.....	380.5
"	-	May.....	417.7
"	-	June.....	487.7
"	-	July.....	449.8
"	-	August.....	539.7
"	-	September.....	695.0
"	-	October average.....	744.9
"	-	October, 1st week.....	667.6
"	-	October 2nd ".....	746.8
"	-	October 3rd ".....	757.6
"	-	October 4th ".....	755.9
"	-	November 1st ".....	795.0
"	-	November 2nd ".....	851.3*

* Provisional figure

(Chungking Air Mail)

SUMMARY OF CHINA NEWS

Far Eastern developments during the two-week period centered around relations between Japan and the United States, and those of the two nations respectively with Soviet Russia. Again, America was found in the active role.

ROOSEVELT AIDE FLIES TO CHUNGKING. The first major diplomatic move following President Roosevelt's inauguration for the third term had to do with China. The President announced (Jan. 23) that Laughlin Currie, his administrative assistant, bearing his personal greetings to Generalissimo Chiang Kai-shek, will leave on January 28 by clipper for Chungking "to secure first-hand information on the general economic situation in China and to consult with the Chinese Government on matters pertaining to this situation." Mr. Currie's special mission was seen as one parallel to that of Harry L. Hopkins in England on which he will determine what share China should receive in her resistance of Japan, if the pending Lease-Lend Bill is passed.

The Administration's interest in helping alike the Chinese and the British was earlier emphasized by Secretary of State Cordell Hull in the opening testimony before the House Foreign Affairs Committee (Jan. 15) in favor of the proposed Bill for material aid to democracies resisting aggression. Secretary Hull devoted a great portion of his prepared statement to the record of Japan as the first of three nations who have embarked upon "the road of armed conquest, of subjugation of other nations, and of tyrannical rule over their victims." The Japanese press reacted angrily to the statement; direct official rejoinders from Tokyo, however, were avoided.

Following recent conversations between Under Secretary Sumner Welles and Soviet Ambassador Oumansky to improve diplomatic relations, the State Department announced (Jan. 21) the removal of the moral embargo of American airplanes and materials to Soviet Russia. This action leaves the moral embargo applying only to Japan.

AMBASSADOR NOMURA SAILS FOR U.S. Having for days displayed a growing concern over the drift of Japan's relations with the U. S., Japanese opinion was found gloomy upon the departure (Jan. 23) of Ambassador Kichisaburo Nomura for Washington. Little hope was held out for the success of the three-point program which Nomura is bringing as a basis of negotiation, viz: (1) Japan's diplomacy is centered on the Japanese-German-Italian alliance. (2) Japan insists on being recognized as the "stabilizing factor" in the Far East. (3) Japan is willing to improve relations with the U. S. consistent with the two points aforementioned.

These points also formed the burden of the speeches made by Premier Konoye, Foreign Minister Matsuoka, and other high officials, on the eve of the Japanese Diet session. In a four-day series of secret conferences (Jan. 14-18) with parliamentarians and leaders of business, finance and press, the Konoye cabinet made sure that it would weather the coming session of the Diet without "major embarrassment." Konoye convened the Parliament (Jan. 21) with a speech in which he declared that British and American aid to China will not restrain Japan's establishment of a "new order in East Asia." Matsuoka, in his Diet speech, indicated that United States non-interference with Japan's "greater East Asia" policy is Japan's minimum condition for avoidance of war. Matsuoka also made a strong bid for Soviet friendship, declaring Japan ready "for fundamental, far-reaching adjustments." The extension for one year of the temporary Soviet-Japanese fisheries agreement was announced on Jan. 20.

JAPAN'S PARLIAMENT SURRENDERS RIGHTS. Made anxious over Japan's international outlook, both houses of the Japanese Diet voted (Jan. 23) to surrender their right

of discussion in order to give full support to the government. For the first time in fifty years the customary questioning and debate over the budget and matters of policy were dispensed with. While the Cabinet toned down the totalitarian "electoral reform bill," an unprecedented budget for 1941 was submitted for adoption, which estimates, 6,863,000,000 yen for non-military outlay alone (75,000,000 yen more than the current fiscal year). A separate estimate for military expenditures for February and March called for 1,000,000,000 yen (\$234,800,000).

JAPANESE SHOOTS SHANGHAI BRITISH OFFICIAL. Amid general applause of Matsuo-ka's Diet speech, the newspaper Asahi struck a sour note by requesting a government explanation of the failure of Japan's Axis partners to recognize the Japanese-sponsored Nanking puppet regime. Meanwhile, puppet Wang Ching-wei's "Central Reserve Bank" formally opened on the Shanghai Bund, with bogus note issues described as worthless in the Chinese market and less than worthless in the world exchange market.

At a Shanghai taxpayers' meeting (Jan. 23), Y. Hayashi, chairman of the Japanese Taxpayers' Association, shot at and wounded W. J. Keswick, British Chairman of the Municipal Council in the International Settlement. The Japanese taxpayer opposed a proposed increase in municipal taxes sponsored by British and American members of the council. It was believed that Japanese agitation for increased representation in the administration of the International Settlement was behind the shooting outrage.

JAPAN TO MEDIATE THAI-FRENCH DISPUTE. The border war between Thailand and French Indo-China, continued on land and in the air, and was extended (Jan. 17) to the Gulf of Siam in a naval engagement in which both sides claimed victory. On January 19, the Thai command reported penetration of Cambodia, one of the disputed provinces. A Japanese offer of mediation (Jan. 23) was accepted by the Vichy government, supposedly under Japanese and German pressure to forestall rumored Anglo-American intervention. Tokyo reported Thailand and Indo-China have consented to a peace conference there, and interpreted it as a recognition of "Japan's guiding position in Greater East Asia". By January 25, however, hostilities had not ceased. In Saigon there was a feeling that Japan's new role of peacemaker presaged further Japanese expansion southward in Indo-China.

CHINESE RESISTANCE CONTINUES. The Chinese National Military Council announced from Chungking (Jan. 17) that the New Fourth army had been disbanded and its commander Yeh Ting placed under arrest to face court martial for the defiance of military orders and plot to stage a revolt. The incident was described as a question of military discipline. The Central News commented that it concerns no other units of the national army and will not create a political question. The United Press reported (Jan. 18) Chou En-lai, Chinese Communist representative in Chungking, as expressing regret over the revolt and stating that further friction between Chinese Government and Chinese Communist armies will be avoided.

Announcement was made in Chungking (Jan. 12) of the conclusion of the third part of the Chinese-Soviet Trade agreement providing for exchange of Chinese minerals for Russian military machinery and supplies. The barter will amount to \$100,000,000, half of which to be completed before the end of the year.

The Chinese military announced their first victorious of the new year on the Hunan-Hupeh border and in Northern Kiangsi. Dr. T. V. Soong, in a speech in New York, declared that Japan is eager to make peace with China on liberal terms in order to free her armed forces for an assault upon Singapore...but that the people of China consider that enduring peace can come only as part of a general world settlement, and that they would therefore continue their fight to keep the Japanese so occupied they could not attempt expansion south.

SUN YAT-SEN U. BACK IN KWANGTUNG

With the return of Sun Yat-sen University from its refugee campus at Chenkiang, southern Yunnan, to Kwangtung almost complete, higher education in the southern province is expected to go ahead with a new tempo.

Immediately after his appointment last July, Acting President Hsu Chung-ching started preparations for the return of the Kwangtung institution to its own soil. For this purpose, a special appropriation of \$600,000 was made jointly by the provincial administration and the Ministry of Education.

A spot in northern Kwangtung close to Shaokwan, the provincial government seat since the fall of Canton in October, 1938, was chosen for the university, while a few of its colleges may be located near Nanshiung, close to the Kiangsi border.

Moving a whole university is easier said than done. Up to the end of October, only half of 2,000 boxes of books and laboratory equipment had arrived in northern Kwangtung. This, however, was no mean accomplishment in view of the distance between southern Yunnan and northern Kwangtung.

A majority of the student body and faculty members have already reached the new site. They traveled by two routes, some by way of French Indo-China and Hong Kong, others via Kweiyang and Hengyang in northern Hunan, then by train on the mid-section of the Canton-Hankow Railway. Former students of the university who remained in Hong Kong after the fall of Canton, were asked to rejoin the university when classes began around November 15.

The university has seven colleges: arts, law, education, science, engineering, agriculture and medicine. In addition there is a Graduate School. Beginning with next semester, a middle school will be opened so that the university can be assured of a constant supply of qualified applicants.

A Cantonese bank in Shanghai has donated \$10,000 to the university for scholarships for 25 needy but worthy students. Each of them will be benefitted by \$400 for the academic year.

FEWER CHINESE STUDENTS GOING ABROAD

A sharp decline in the number of Chinese students going to foreign countries for advanced study since the outbreak of the hostilities was reported by the World's Chinese Students Federation in Shanghai.

Though by no means complete, the federation has on its record only 487 scholars who have gone abroad between July, 1937, and the end of October, 1940. Two hundred forty-seven of them went to the United States.

From July, 1937, to June, 1938, 347 students sailed for foreign countries. The majority, 307, went on their own, while 40 were sent on government scholarship. During the second half of 1938, only 64 students went abroad. In 1939, the number further dwindled to 47. There were no government scholarships that year. In the current year, only 29 have been able to leave.

War both at home and in Europe constitutes the principal deterrent. The adoption of a stricter policy by the Chinese government regarding the dispatch of students to foreign countries, especially in view of shortage of foreign exchange, is also partly responsible.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

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\$1.00 a quarter

ISSUE FIFTY-EIGHT
February 14, 1941.

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ENCLOSURES

"CHINA'S GUERRILLA INDUSTRY", by Bertram B. Fowler - Reprint
from SURVEY GRAPHIC, February, 1941 - Digest in February
Readers Digest"

Announcement "CHINA SHALL RISE AGAIN", by Madame Chiang Kai-shek.
REQUEST for New Addresses

CHINA NEEDS YOUR HELP NOW

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3. Associated Boards for Christian Colleges in China,
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4. China Aid Council
5. War Orphan Committee (Tea Sale)
 200 Fifth Avenue, New York, New York.
6. Church Committee for China Relief,
 105 East 22nd Street, New York, New York.
7. Indusco, Incorporated, American Committee in aid of Chinese Industrial
 Cooperatives, 8 West 40th Street, New York, New York.

ACT NOW !

READ

CHINA'S BLITZBUILDER, REWI ALLEY, by Edgar Snow
in SATURDAY EVENING POST, February 8, 1941.

ADVISORY EDITORS. MISS REBECCA W. GRIEST. BOARD OF FOUNDERS. GINLING COLLEGE, LANCASTER, PA.
FORMERLY GINLING COLLEGE EMORY LUCCOCK. MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL.. FORMERLY
COMMUNITY CHURCH, SHANGHAI PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA,
FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC Y, Y.M.C.A., CHUNGKING.
SZECHUAN: DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENG TU, SZECHUAN

SUMMARY OF CHINA NEWS

INVADERS LAUNCH NEW DRIVES.-- After many months of inactivity and set-backs, the Japanese army in China renewed offensive on three main fronts. In southwestern Honan Province, the invaders began (Jan. 24) a campaign striking north from Sinyang in an attempt to gain a 150-mile sector of the Peiping-Hankow Railway. By February 4 Japanese columns numbering 100,000 men, after having captured several small railway towns, had met with effective Chinese resistance. The Chinese retook half a dozen points in rapid succession, checking this the fourth major Japanese drive within 20 months in the Honan-Hupei area, resulting in 30,000 Japanese casualties since the drive began. Also in Central China, Chinese troops came closer to Ichang and repelled 3,000 Japanese (Jan. 27) in the Kingmen-Tangyang sector in western Hupei Province, north of the Yangtze River.

In the South, Japanese troops made a surprise landing (Feb. 4) at Mirs Bay, just northwest of Hong Kong. From there the invaders launched a drive designed to cut a new supply route from Hong Kong to Sinchow, wartime capital of Kwangtung Province, over which the Chinese Government had made recent shipments, including American Red Cross medicines. Supported by planes, the Japanese occupied Shayuchung and Tamshui on their way toward Waichow, 40 miles north of Hong Kong. The operations developed on a large scale, with 10,000 Japanese troops advancing against increased Chinese resistance, including China's crack 35th army which drove the Japanese out of Kwangsi last year. The evidence points to a Japanese set-back north of Tamshui according to a Hong Kong dispatch (Feb. 9)

CHINA TO WIN WITH AID OF DEMOCRACIES.-- Generalissimo Chiang Kai-shek in a speech (Jan. 28) closed the recent new Fourth Army incident, around which the Japanese continued manufacturing rumors. In conclusion Chiang said, "My action was dictated solely by the desire to strengthen the nation's capacity for resistance." It was a purely disciplinary procedure and "absolutely no political and party issue is involved."

In an interview the next day, the Generalissimo wished the United States would aid China to only half the extent of her aid to Britain, declaring: "Enduring peace in the Far East must be founded on the mutual collaboration of the three great nations bordering the Pacific Ocean - China, the United States and Russia." In a speech in New York, the Chinese Ambassador, Dr. Hu Shih, expressed confidence that China will win "with the assistance of the great democracies of the Anglo-Saxon world," to whom aid to China "no longer is a question of sympathy for the underdog, but becomes a practical expediency and necessity."

In Washington, Secretary of State Hull, testifying before a closed session of the Senate Foreign Relations Committee on the Aid-Democracies bill, spent considerable time discussing Japan's contribution to the present crisis, so far as the U. S. is concerned. He was reported to have told the group that Japan contemplates an empire totaling 1,000,000,000 people; that Japan "undoubtedly" intends to seize control of Indo-China; and that long efforts to obtain mutual understanding and cooperation between the U. S. and Japan had been virtually fruitless.

President Roosevelt's special envoy Lauchlin Currie arrived in Chungking (Feb. 7) where he intended to stay three weeks, presumably to discuss more American aid to China. An exchange of positions was announced soon to take place between Nelson T. Johnson, Ambassador to China, and Clarence E. Gauss, Minister to Australia, and former Consul General in Shanghai.

JAPAN INSISTS ON DOMINATING "GREATER EAST ASIA." Foreign Minister Matsuoka again figured prominently in the news with his declarations before the Japanese Diet on Japan's relations with the U. S. He called Secretary Hull's recent statement on Japan's record and ambitions of conquest a "distortion," and described Japan's invasion of Manchuria as "the first step toward the construction of world peace through the establishment of a Greater East Asia co-prosperity sphere." He blamed Japanese-American conflict on "America's interventionist policy" and termed it "outrageous" that the United States should object to Japan's control of the Western Pacific." Matsuoka's designation of geographical spheres were warmly applauded in Berlin. The Foreign Minister, however, was anxious to convince the United States that war between the two countries would be "a catastrophe to humanity," which should be avoided by America's understanding of Japan's "true intentions." Arriving (Feb. 6) at San Francisco, Ambassador Numura expressed confidence that Japanese-American relations could be improved.

Premier Konoye, under whose regime the present Japanese invasion began in 1937, accepted before the Diet (Jan. 27) full responsibility for the China war and pledged to remain as Premier until it was concluded. Both houses of the Diet adopted resolutions to strengthen Japan's defenses. The Government continued its rapid moves to obtain "full powers to deal with the unprecedented international situation." A bill for industrial mobilization was approved despite opposition of big business. A sweeping national defense bill against espionage was being pushed through the Diet despite opposition among politicians and the press. It was announced (Feb. 1) that rice will be rationed, and that military expenses for the 1941 fiscal year will total 4,880,000,000 yen, bringing the total spent on the war in China since 1937 to 22,380,000,000 yen (\$5,244,258,000).

Japanese sources in both Tokyo and Moscow indicated that negotiations would be resumed toward a Soviet-Japanese commercial treaty. Several large Japanese business concerns have closed their New York offices, and 150 Japanese in New York will return to Japan. Decline in business between the U. S. and Japan was given as the main reason.

SHANGHAI DISORDERS UNABATED.-- The International Settlement Council signed an agreement (Feb. 1) with puppet-mayor Chen Kung-po of the Japanese-sponsored Shanghai Municipal Government, for the establishment of a special police force to maintain peace and order in the western "badlands district." The effectiveness of the agreement is doubted because of the economic and political benefits the puppet organization derives from the crime and lawlessness, which they openly sponsor. Examples of this were the murder, arson, bombings and a double kidnapping which took place in one day (Feb. 3) all traced to Japanese and their hirelings.

INDO-CHINA SUBMITS TO JAPANESE "MEDIATION." Japan saw herself vindicated as "sole leader of Asiatic countries" when Indo-China and Thailand accepted Japan's offer of mediation of their four-month border dispute. Amidst a show of Japanese air and naval force, French, Siamese and Japanese representatives met on a Japanese cruiser for an armistice agreement (Jan. 31) under which Thailand was left with several of the French areas while hostilities gradually ceased. The formal peace conference was opened by Foreign Minister Matsuoka in Tokyo (Feb. 7) while already it had been known that Japan would have more substantial reward for mediation than prestige.

The New York Times reported from Shanghai (Feb. 1) that the signing of the truce was accompanied by a set of six demands on Indo-China by Japan, in which she seeks virtually all political, economic and military control of the French Colony. These include Japanese monopoly of Indo-China's rice and minerals, Japanese garrisons on the border between Indo-China, more Japanese air bases and a Japanese naval base at Cam Ranh Bay. As additional Japanese troops and naval vessels moved in on Indo-China, observers saw in these demands the possibility of Japanese plans either to strike at Free China from a new front or for further southward expansion, with Singapore as its first object.

GENERALISSIMO CHIANG KAI-SHEK
SPEAKS REGARDING PRESENT
SITUATION - January 27, 1941.

The Generalissimo said that a month of the year 1941 would soon be passed and his audience would do well to attest what advance had been made toward the aims they set before themselves at the beginning of the year and then to press on with greater resolution in all work directed to the victory of resistance. He then went on to speak of the many features in the present international situation favorable to the Chinese cause, of the constantly growing forces committed to the defense of justice and of the more and more substantial assistance given China by friendly nations.

The helpless plight of the Japanese, he pointed out, is well evidenced by the dumb and lifeless spectacle of the present session of the diet and its careless disposal of the business before it. Helplessly subservient to the will of the militarists, Japan was sunk in a rut leading only to self destruction. Next Generalissimo Chiang dwelt at length on the importance of maintaining sound military discipline as an indispensable condition for every fresh recruiting of strength to the forces of resistance. His chief points were as follows:

Since the Central Government took action in regard to the new Fourth Army, the Japanese have been busy propagating a great variety of rumors and false reports. For one thing they have declared that internal disruption and even civil war would result from the action taken by the Government. In the second place they fabricated evidence of a coming turn in international events unfavorable to China, making out that the Government's action in the instance that occasioned it had cooled the warmth of feeling for China among the friendly nations, and that there would be a consequent decrease in their support of her cause. These tales are a good sign of the intense apprehension aroused among the enemy by the determination we have displayed in the strict maintenance of military discipline. This alarm has led them to invent these false interpretations of the effect of the Government's action in an endeavor to mislead world attention.

In regard to the alleged internal dissention in China the only possible causes for such dissention or civil strife in a country at war would be different views as to the national policy for the conduct of the war, the Government advocating war and the people being opposed to it, or the existence of some dissenting faction unwilling to continue to fight to a decision. In China today, however, there is absolute unanimity of purpose among both people and armed forces. None but the traitors and puppets are working for aims opposed to the national policy of resistance and they are all now within an orbit of Japanese influence and power. With Japan's defeat they will share the fate of their masters.

Apart from the case of traitors there is absolutely no ground for disagreement, not to speak of civil war, in the China of today. Questions of the maintenance of war time discipline and obedience to military discipline in general have no relation whatever to such a possibility. As to the second variety of Japanese rumors mentioned above the record of four years sympathy and assistance from friendly nations has shown them uniformly desirous of seeing strict discipline forced in our army as a means of enhancing their efficiency in resistance; there has never been an instance of their being discouraged by our taking action required by the very objects they approve. They will recognize the propriety of any action aimed at keeping high the standards of sound discipline prevailing in the Chinese armed forces. So far from the effects being as the Japanese foolishly attempt to convey, foreign countries will be inspired with respect for us by observing our ability to put down insubordination

without hesitation or trepidation despite the difficulties attendant on such action under the conditions imposed by active prosecution of warfare.

When the war began it was widely held that China's military preparedness was inadequate, that she was subject to internal disunity and instability, that her armies had not undergone sufficiently complete reorganization to equip them for combat with the forces of a foreign power. Without, however, direct confidence that we possess a revolutionary government, a revolutionary nation and revolutionary army; in rising up to meet the demands of a crisis decisive for the country's life or death we put our faith in revolutionary principles, her revolutionary spirit and especially a revolutionary discipline.

There is no more essential factor required for victory in resistance than the reliable execution of orders and the exercise of discipline. One need only observe the state of discipline prevailing in our army to decide whether the Government has or has not the ability to continue resistance, whether it possesses truly revolutionary intentions and whether the troops are genuinely devoted to their country's defense. Only troops' obedience to their orders and demonstrating a good standard of discipline can represent an effective part of the forces resisting the enemy and only such troops can win the wholehearted support of their Government and peoples. Troops contemptuous of discipline on the other hand, forsaking their fighting duties and even attacking other sections of the forces of the district diminish the efficiency of the whole war effort; to permit such troops to go on their way would be to invite national ruin, not to speak of defeat for resistance.

The measures taken by the Government in regard to the New Fourth Army were in no way peculiar. I feel sure that world opinion will not be influenced by the Japanese propaganda on this point. In dealing with the new Fourth Army the Government acted in a manner precisely similar to its punishment of Han Fu-Chu, Li Fu-Ying and Shih Yu-San. The first of these men was executed because he failed to obey the Government's orders to hold his ground in Eastern Shantung and instead wanted to withdraw westward into Shensi. Li Fu-Ying was shot for his persisting in retreat when retreat was forbidden him by the Government. Shih Yu-San who was ordered to move his forces into Western Hunan; he was executed for remaining in the Eastern part of the province in defiance of the order. These men are merely well known examples; other cases have occurred. There are at present a number of high ranking officers under detention for various offenses against discipline, and of these some men are men distinguished by their former zeal and merit. The nature of the action taken in the case of the New Fourth Army differed in no respect from other disciplinary procedure.

If a point of dissimilarity is to be sought, it may be found to consist in the fact that the insubordination of Han Fu-Chu, Li Fu-Ying and Shih Yu-San was limited to their individual persons, punishment therefore being meted out by their mere execution, whereas the New Fourth Army was a unit is guilty of attacking a body of comrades-in-arms, of disobedience to orders and rebellious gestures. Punishment in this case had therefore to extend to the abolition of its status as a section of the National Army and its disbandment. Such are the simple and clear facts of the matter and any enlargement on them can only proceed from the Japanese sources of falsification.

A definition of discipline may be made thus; it is faith subscribed to by all ranks of all sections of the National forces, the unifying bond accepted by every man. It is an element of equality in contrast to the varying rank of individual soldiers. From the time of the northern expedition in 1924 until the present

advanced stage of this war of resistance we have depended for success entirely on a scrupulous maintenance and enforcement of discipline. But for sound discipline we should not have produced our spirit of comradeship in adversity, our adherence to the ideal of solidarity.

If I am entrusted with the power of directing the National Armies and if I fail to enforce discipline with due rigor, yielding to any private susceptibilities of my own, I become myself a violator of discipline and betray all the men fighting at the front. Undisciplined and disorderly conduct in an army will be as injurious to its efficiency as it is in a home, and Japan is a country affording a good example of what may come of unbridled insubordination among Army men; the incident of May 15, 1932 and February 26, 1933 led her precipitation into a war unparalleled in the history of Asia. There would soon be an end of resistance and the revolution if orders were permitted to go unobeyed and discipline unobserved.

The incident under discussion was an exceedingly distressing case of military necessity. Far be it for me to construe it as matters for gratification. It was something much to be ashamed of; but the only course possible in the interest of the nation and resistance was reluctantly taken. My feelings were acute pain and shame, while the errors and failings of these subordinates are to be considered the errors and failings of a commanding officer, and the disgrace of one section of an army involves the reputation of the whole army, and even that of the navy. Former cases of disobedience to order on the part of the New Fourth Army and of its clashes with other troops were passed over by me in silence, though not indeed for the sake of keeping them secret from foreigners or from the enemy. Such incidents cannot be concealed.

My motives were; one, my concern for the good name of the troops and hopes for their reform; two, to preserve intact the forces of resistance. I exercised protection precepts as forgiveness and to seventy times seven in bearing with the recalcitrant New Fourth Army, but it, so far from repenting of its evil courses, continued to give out false reports villifying commanding officers and the Government and to take all manner of arbitrary action until it became apparent to me that if it were not checked China would cease to be worthy of the name of a nation, that she would be powerless to make a success of resistance or the revolution; while I should become guilty of criminal neglect of my duty. The time had come when the matter could no longer be overlooked or kept in the dark.

In conclusion I have only to say that my action was dictated solely by the desire to strengthen the nation's capacity for resistance. In the first place it was a blow at the enemy, its hopes being set upon internal troubles and insubordination in our ranks. In the second place, it was designed to have a deterrent effect and to be a stimulus in promoting good discipline and solidarity throughout our armies. In regard to the first point, should the enemy be aware of such weakness among us as to have submitted to independent action on the part of certain units in our forces he would think of the occasion for increase contempt of China and his road to aggression would gather impetus thereby. In regard to the second point, all our troops will observe the conduct of the Government both in first indulging and then severely punishing the offense which has been consistently in the interest of national policy. Insubordination will be eliminated in the future and adherence to discipline rendered uniform and universal. The utmost benefit to morals will result.

The incident is now entirely closed. The problem has been settled once and for all and it no longer remains in any shape or form. It is to be expected in all the National armies that they will henceforth maintain discipline, obey orders and

adhere strictly to the fields of action and duties assigned them. The Government will then accordingly cherish and provide for them. The conduct of the New Fourth Army and the punishment imposed has no bearing on the status of other sections of the National forces save in so far as I have pointed out. Absolutely no political and party issue is involved. With all of us devoted to a common discipline, with all groups and individuals accepting the program of resistance and reconstruction as the criterion of moral action, with concentration of purpose in fulfilling the great duties imposed upon us by the war we shall advance along a road of ascent and progress

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"ADVICE TO CHRISTIANS"

Indicative of what the "New Order in East Asia" will mean to the Christian Church and missions are the following instructions from the Hwang Hsien District Government: (by editor.)

Hwanghsien Christians should begin immediate co-operation with the new Government!!

It is hoped that the Chinese themselves will organize a new church!!

Since the birth of the new government, three years have elapsed, and China, Japan, and Manchukuo have become one in the construction of a New Order in East Asia.

We, therefore advise all Christians as follows: We should first wake up to the fact of the relation of the Christian Church to the new government. They now depend largely upon foreign missionaries for their maintenance. Most churches are maintained by foreigners.

This kind of missionaries change the customs and habits of the land of our ancestors. These missionaries use a demoniacal device for the absorption of men's minds. Thus have been absorbed (perverted) the minds of the converts. Have you found satisfaction in believing European or American religion? Have you found security? We feel that you could not have found this satisfaction.

You are loyal Chinese subjects. Therefore we should entertain doubts as to the possibility of a loyal Chinese subject sustaining relationships with a foreign religion. To get a bit nearer the point, - religion cannot exist apart from the State.

From the beginning, missionaries have not led their converts to respect their own country. This is an indubitable fact. Certainly religion cannot supernaturally survive apart from the State.

From the time of the "China Incident," missionaries have used the term "Strict Neutrality," as a slogan. They look upon the new government as contradictory to "strict neutrality." They act as if in a dream. Can their church survive? As we see it, it has absolutely no chance of survival. Religion must be united to the State. Christianity is no exception.

Please look at Western Church History. Think of the foolish dream of the Reformation. The old church considered the Emperor as central. Upon this concept they united all Christendom. The Reformation broke with the old church. Since then there is a divided state in the new (Protestant) church in France, Switzerland, and England. Why do they thus continue to propagate it?

The Catholic church held that for the church to survive, it must come under the authority of the King. Therefore there was dissatisfaction.

At present we are forced by circumstances in China to change Christian churches. You must free yourselves from the oppression of foreign churches, and from the cruelty of foreign missionaries. You must quickly co-operate with the New Order. The time has come for Chinese Christians to organize a new, indigeneous church.

In Hwanghsien there are nearly two thousand Christians. The Christians of discernment among you should at once come out from the band of these foreign missionaries. Come over and co-operate with the New Government and the New Order.

We hope you will organize your own indigeneous Chinese church, and maintain your own hospital and schools. CITIZENS, co-operation with the New Government is not a lamentable thing. Make this resolution to organize a new church. Then we will give this new church constant co-operation. We will help maintain it. If at any time, funds are insufficient, we will absolutely guarantee aid in the way of funds to maintain the hospital and schools.

CITIZENS, to wait one day is to waste one day, in the organizing this new church. If you sever relations with the missionaries you will be secure.

We hope that the nearly two thousand Christians in Hwanghsien will quickly organize the new church and thus help establish both the New order and your new church.

Signed:

Hwanghsien District Government. By the movement to construct a New Order in East Asia.

Chinese Overseas Contribute \$300,000,000

CHUNGKING:- (TPNS) Overseas contributions to relief in China from the outbreak of war on July 7, 1937, up to last October amounted to nearly \$300,000,000 in round figures. This sum does not include a much larger sum for investments and also subscriptions to government bonds, aviation and other funds and contributions sent to civilian organizations such as the Chinese Red Cross Society.

Chinese residents in Singapore head the list with over \$125,000,000. Those in the Netherland East Indies and New York occupy second and third places with over thirty-seven and thirty-six million dollars respectively. The contributions from New York actually reached \$37,569,755. Other places with contributions by Chinese residents to pass the ten million dollar mark were the Philippines, San Francisco, Hong Kong and Siam. The contributions from San Francisco during the period under review is actually \$14,235,613. Although Australia does not take first place with \$7,600,000, it leads all other places in the per capita contributions, on a per capita basis; the Philippines and New York occupy second and third places.

Overseas investments in economic enterprises in Free China were estimated by Chungking banking circles in round figures of eight hundred million dollars by the end of 1940. Of the amount half was remitted through Hong Kong where branches of some of the banking institutions of the South Seas are located.

Will you please list the names of friends who you feel would be interested in the China Information service.

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Sincerely,

CHINA INFORMATION SERVICE.

CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

945 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

ISSUE SIXTY-ONE

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APPRECIATION

The China Information Service and those connected with it are taking this opportunity in the closing issue to sincerely thank everyone who has so very kindly and generously assisted us in making this Service possible.

We wish to thank, especially, the New York Times; The Christian Science Monitor; The Christian Century; The Evening Star; The Washington Post; and the many other newspapers and publications for their cooperation and courtesy in permitting the use of their material and the interest displayed in spreading the information contained in the Service. It is with much regret that we discontinue this Service and we wish to again thank each and all of you for your cooperation and courtesy.

China Information Service.

THE BEGGAR CAMP, ANOTHER SHANGHAI PROJECT. The whole Shanghai community is in deep sympathy with the Shanghai Beggar Camp, a project sanctioned by the Municipal Council and undertaken by the Salvation Army and the Rotary Club, to receive, reform, regenerate, and restore to society the mass of beggars that have lined the city streets in increasing numbers ever since the outbreak of the war. Quarters have been designed to accommodate 1,500 beggars to be brought in 50 at a time, photographed, finger-printed, and classified into groups according to their abilities so they can have guidance along suitable lines. -- Broadcast Report.

MILITARY CRISIS OVER, CHIANG TELLS CHINA

Chungking, April 1,-- The military crisis for China is over, Generalissimo Chiang Kai-shek told the eighth plenary session of the Central Executive Committee of Kuomintang, China's highest political body, in an address made last week but just released for publication.

Japan has been unable to conquer China by the force of arms, the General said,

ADVISORY EDITORS. MISS REBECCA W. GRIEST. BOARD OF FOUNDERS. GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL. FORMERLY COMMUNITY CHURCH, SHANGHAI. PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA. FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC'Y, Y.M.C.A., CHUNGKING. Szechuan OR FRANK W. PRICE. NANKING THEOLOGICAL SEMINARY, CHENGTU, SZECHUAN

and the situation in China now becomes one of economic warfare.

Many persons have believed that China's economy presents a serious problem, he said, but such worry is uncalled for.

"We must buckle down to reconstruction," he said. -- New York Times.

CHINA NEWS

CHUNGKING, China, ... On his recent visit to Hong Kong, Sir Robert Brooke-Popham, Commander-in-Chief of the British forces in the Far East, emphasized the reality of Sino-British friendship. He cited the fact that Australian troops landing in Singapore had quickly made friends with the Chinese population of Malaya, where the Chinese erected a special tea garden for the entertainment of the Australians.

The 1937 pact between China and Russia shows the obligations of these two countries toward each other in its second article, which reads: "In the event that either of the high contracting parties should be subjected to aggression on the part of one or more third powers, the other contracting party obligates itself not to render assistance of any kind, either directly or indirectly, to such third power or third powers at any time during the entire conflict, and also to refrain from taking any action or entering into any agreement which may be used by the aggressor or aggressors to the disadvantage of the party subjected to aggression." -- News Release.

CHUNGKING, China...Dr. John Earl Baker, director of the China relief for the American Red Cross, is arranging for the transportation of 2,000 tons of American wheat to Kwangtung. Kwangtung has been experiencing financial difficulties and food shortage owing to enemy occupation and the enemy blockade. Nevertheless, Kwangtung marches on, though the provincial revenues have been much reduced and the expenditures have been greatly increased. In order to alleviate the food situation large areas of waste land have been converted into sweet potato, bean and corn fields. The government has allotted \$1,000,000 for seed and the provincial banks have provided \$3,000,000 for rural loans to boost the movement of extensive cultivation.

CHUNGKING, April 14 -- According to the leading Chinese daily, the present tension over the Southern Pacific had not been anticipated. Now everything clearly shows that the crisis has almost reached the point of explosion. The British and Americans face the same menace in the Pacific and their right and interests are similarly endangered.

Mr. Churchill, the British Premier, has definitely declared that the British possessions in the Far East are an inseparable part of the British empire. This means that the situation in the Orient is of equal importance as that in Europe and deserves equal attention and treatment.

"BLANKET FIRST"

A new battle cry has found its way into the Northwest Headquarters of the Chinese Industrial Cooperatives. The slogan of all C.I.C. employees connected with blanket-weaving is "Blanket First" as they prepared to turn out 1,000,000 in 100 days. Notwithstanding a sharp advance in prices of raw material, new efficiency and coordinated effort in all factories, these blankets are produced at \$.25 each (Chinese money). Each factory is outfitted with coop-made machines for the whole process

of blanket weaving, from tanning wool to dyeing the finished blankets. They are also powered with coop-converted truck motors which burn coal also obtained through cooperatives.

CHUNGKING:-- Dr. Wang Chung-hui, Minister of Foreign Affairs issued today the following statement concerning the joint declaration made by the U.S.S.R. and Japan at the time of the conclusion of the neutrality pact on April 13th.

"At the time of the signature of the neutrality pact on April 13th, the U.S.S.R. and Japan issued a joint declaration in which Japan undertook to respect the territorial integrity and inviolability of the so-called Peoples Republic of Mongolia, and the Soviet Union undertook to respect the territorial integrity and inviolability of the so-called 'Empire of Manchukuo.'

"It is an indisputable fact that the four northeastern provinces and Outer Mongolia are an integral part of the Republic of China and always remain Chinese territory.

"The Chinese Government and people cannot recognize any engagements entered into between third parties which are derogatory to the China's territorial and administrative integrity, and wishes to state that the Soviet-Japanese declaration just announced has no binding force whatsoever on China." (Trans-Pacific News Service, April 14.)

COMBINED CHINESE RELIEF

America's vital interest in the Far East today is to sustain the morale of the Chinese people in the face of Japanese aggression. With 50,000,000 refugees streaming from the battle zones, the sum of human misery in China is almost inconceivably great, but fortunately there is no country in the world where American dollars will do so much to relieve it. Therefore the seven chief agencies for Chinese relief now operating in the United States have combined in a single drive, under the direction of James E. Blaine, to raise \$5,000,000 by July 31. This does not represent a new appeal but a coordinated one on a scale broad enough to cover the nation.

Organizations represented in the united campaign are the American Bureau for Medical Aid in China, which supports emergency aid stations and epidemic control centers in the Chungking area; the China Emergency Relief Committee, organized last year with similar objectives; the American Committee for Chinese War Orphans; the Church Committee for China Relief, which provides food, shelter and work projects for the destitute; the American Committee for Chinese Industrial Cooperatives, operating 3,000 "vest pocket" industries; the China Aid Council, which provides medical aid for children; and the Associated Boards for Christian Colleges in China, which is continuing the education of thousands of homeless students. Chinese relief has lagged here for lack of central organization. Directed into a single channel, the deep sympathy of the American people for China's suffering millions should yield rich returns.

-- New York Times, March 3, 1941.

CHIANG KAI-SHEK DRESSES DOWN THE KUOMINTANG

Some Stern Words from the head of the Chinese nation indicate that a herculean effort is going on behind the scenes to reestablish the uneasy unity between the communist armies and the Kuomintang. On the verge of the 1941 fighting season, when the return of spring makes it possible to maneuver and feed armies in the field in China, Generalissimo Chiang Kai-shek called a meeting of the Central Executive Com-

mittee Assembly of the Kuomintang--the monolithic political party of free China. Before two hundred party leaders, including several provincial governors, convened in a surprise session in the bomb-shattered capital of West China, the Generalissimo used language which was far removed from the subtle indirections which might have been expected. The Kuomintang, he said bluntly, had lost the spirit which characterized its founder, Sun Yat-sen. The people had with justification grown suspicious of the party which claimed sole right to interpret their will. Widely they have come to believe that it is loose and corrupt, that its leaders are concerned to seek only their own interests, that the party grasps for power for power's sake, not for the sake of the people.

After he had thoroughly chastened the group of men which has led in intransigent opposition to the communists, and thus opened the way for a renewal of the United Front, he gave the Kuomintang an opportunity to regain "face" by appealing to them to "return to the people," to renew their loyalty to the revolutionary spirit which had united them behind Dr. Sun's famous "three principles," and to assume responsibility for the country's shortcomings. He especially urged the assembly to rally behind him in trying to solve China's economic problem.

"The economic difficulties are now 70 per cent and the military are 30 per cent of the war problem facing the nation," he said. This has probably been true since the beginning of the war, just as were the words which stung the Kuomintang. This address does not prove that all the questions at issue between the communists and the Kuomintang are settled. Instead it is a bugle call which challenges the Kuomintang to rediscover its original revolutionary reason for existing so that it can more successfully compete in the propaganda struggle for the loyalty of the Chinese.

-- Christian Century.

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CHUNGKING COST OF LIVING MOUNTS

Food prices in Chungking, according to frequent official reports have risen rapidly. Beginning with July, 1937, general index of retail prices had advanced by November to 107--the average for the first half of 1937 being 100. By November, 1939, it had reached 249.3. By June, 1940, it had climbed to 437.7; and by December it registered 1,227.6. Unofficial reports indicate that the flight is still continuing in 1941. Other expenses also have kept pace. General Chiang's determined efforts, however, are directed toward checking what seems to be the almost inevitable result of poor crops and increasing labor costs as well as food-hoarding and profiteering.

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REBUILDING A CITY
From a Chungking Broadcast

It is winter now and the fogs have come to Chungking, the fogs that will hang low over the city until next spring. Chungking has always been notorious for its cloudiness during many months of the year. There is even an old Chinese saying that "when the sun comes out in Szechwan all the dogs begin to bark," so unusual here is the naked countenance of the sky. But today, when the air raids have upset both things and minds, the Chinese war capital only begins to live when the clouds descend. And the sun, on his rare visits is little welcome--because in his train comes the Japanese murder planes; their emblem also a sun, bright red--the face of the giver of life smeared with the blood of death.

Now the clouds have come, however, the streets of Chungking once again are filled with people. Everywhere ruins are being cleared, shattered homes patched up. Retail trade is reviving more rapidly, after the long "bombing season," than the physical accommodation for it. There are shops in ruins, in tents and in booths. Buses in the streets are packed so tightly that they seem about to burst. Crowds stand in front of municipal food shops, around newspapers displayed on public billboards, and bright colored posters and proclamations eloquent of the city's return activity.

In the worst-bombed, most thoroughly devastated sections, swept clean by fires set by Japanese incendiary bombs, the few walls left standing bear challenging questions: "Who smashed our homes? Who has ruined our city?" And on the inside walls of a bedroom that is only half a room, ripped diagonally in two by high explosives, someone has written in bold red on the whitewash "For this, we must have revenge."

In these same sections also, there are streamers and posters that look more optimistic. Two characters figure in all of them, the characters for "Auxiliary Capital," the new, permanent title bestowed on Chungking by the Government. This title of "auxiliary capital," means that after the victory, after the Government moves back to its original seat, Chungking will still have a special status and will still remain one of the Government's constant concerns. It means that the "new Chungking" for whose construction all the posters call, really will be built, a Chungking that is not a repetition of the chaos perched on a rock that was the best description of the old city, but a modern metropolis, with good roads, good buildings, a well developed water front, and bridges and traffic tunnels spanning its rivers. The sacrifices that the city has suffered, the heroism it has displayed, will find permanent recognition expressed in brick and mortar, steel and concrete.

The building of the "new Chungking" has already begun. Last year the municipal area was greatly increased by Government decree, giving the city much more room for development. A city planning commission has been appointed, and the first of the arterial roads which are necessary to introduce order into the old feudal planlessness of the capital already has been laid out.

The constructive energy that is available here, and the willingness of the Government to expend its resources on necessary development have been demonstrated in the building of the vast network of rock-hewn dugouts capable of shielding from the worst Japanese bombings every person and every motor vehicle now in the city. More has been done for the people of Chungking than for the people of London, for instance, whose parliamentary demands for deep raid shelters are still ungranted. There is no doubt that the new city is already being built; its progress can be seen and heard every day.

The noise and vibration of repeated explosions still shake Chungking day and night, although the clouds have come and the Japanese can no longer raid ceaselessly and at will. High explosives to save life and to make it better are the city's answer to the Japanese high explosives for destruction and death. Day and night, new shelters, causeways, streets and building sites are being blasted from Chungking's living rock.

Right in the city is an outstanding example of how the war, for China, is a way of progress. Chungking was also a rich trading centre, but it was provincial

in its importance and still more in its prejudices. Now it is not only the temporary capital of the country, but the whole country is interested in it for its significance.

The Government, and the people of China at large, are saying and thinking about Chungking, as about many other places that the war has pushed forward from their previous obscurity--how can we develop this city so that it can be a source of strength and pride to the whole land? And the people of Chungking are thinking along the same lines about their own town, and other towns. They have lost many of their homes and their public buildings at the hands of the national enemy. They know that there is no safety for themselves, their city, their province--until victory and a similar safety are achieved for the entire land. So they too think of the struggle first--of the fronts and the economic organization of the rear, and of how best their city--not Chungking the temporary capital but Chungking the great river port of a potentially strong and wealthy area--can do its job in the China of today and tomorrow. It is for sacrifices incurred in the course of its duty to the nation that their city has received its honourific title, and it is in this sense that they have accepted it.

So, like all China, Chungking not only lives and fights but manages also to grow, to grow physically, in understanding of its own role, and in the breadth of its outlook and responsibilities. It may seem strange to people abroad that all these things must be learned. It may be hard to picture what has happened here during the past few years. But think once more of a city in a remote part of the world and of its own country, hard to communicate with, living like the trading centre of a small feudal state in the middle ages, its fate daily at the mercy of warring barons. Then think of this city turned overnight into the centre of a nation of one-fifth of mankind united against a common enemy, suffering and dying for independence and for that right of self-development that every nation needs for life, but that so few peoples have learned effectively to defend. That is Chungking today, its story has a meaning for everyone.

It means also that there are the scholars, teachers, professional men, merchant princes, and government leaders who fled from the devastated areas of Eastern China to the mountain-locked security of Chungking. With this invading host, however, came the armies of Generalissimo Chiang Kai-shek to protect the new capital of China and to promote the development of every economic resource in the entire area.

--Digest from the Pagoda.

CHIANG SEES U. S. 'AWAKE'

CHUNGKING, China, March 11.-- "China's greatest success in 3 $\frac{1}{2}$ years of resistance to Japan has been to awaken the United States to the need of strengthening its Pacific defenses," General Chiang Kai-shek declared in the closing speech of the People's Political Council. He said the American decision to fortify island bases had dashed to pieces the Japanese plan for a "new order in greater East Asia" and that the Government was doing its best to cement relations with the United States, Britain, and Russia.

"China's armed strength and equipment are now twice what they were when the conflict began," he declared.

The Council, China's nearest approach to a representative government, issued a manifesto thanking the United States, Britain, and Russia for help given.

The Council placed itself solidly behind the Government's stand on Chinese Communists, whose demands for creation of special red areas were bitterly denounced by General Chiang.